

MINUTES

MILWAUKIE CITY COUNCIL NOVEMBER 2, 2004

CALL TO ORDER

Mayor Bernard called the 1945th meeting of the Milwaukie City Council to order at 6:30 p.m. in the City Hall Council Chambers. The following Councilors were present:

Council President Larry Lancaster	Councilor Susan Stone
Councilor Joe Loomis	

Staff present:

Mike Swanson, City Manager	Kelly Somers, Operations Director
Paul Shirey, Engineering Director	Jeff King, Project Manager
Grady Wheeler, Information Specialist	

PLEDGE OF ALLEGIANCE

PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS

Mr. Swanson announced that the City Attorney was excused for the evening.

Recognize Rick Bantz for Service on the Public Safety Advisory Committee as the Lake Road Neighborhood District Association Representative

Chief Kanzler and the City Council thanked **Rick Bantz** for his service to the community on the Public Safety Advisory Committee for the Lake Road Neighborhood District. Mr. Bantz served on the Committee from November 2002 to September 2004.

Public Safety Advisory Committee Interviews

The City Council interviewed **Susanna Pai** for the Lake Road Neighborhood District Advisory Board representative position on the Public Safety Advisory Committee and **Dolly Macken-Hambright** for re-appointment to the Linwood Neighborhood representative position.

Milwaukie High School Tech Cadre

Mr. Wheeler expressed the City's appreciation to Jeff Linman and members of the Milwaukie High School Tech Cadre for hosting the City of Milwaukie's website for past several years.

Riverfront Donation

Mayor Bernard announced that the Milwaukie Farmers' Market donated \$3,000 to the Riverfront design project.

CONSENT AGENDA

It was moved by Councilor Stone and seconded by Councilor Loomis to approve the Consent Agenda that consisted of:

- A. City Council Minutes of October 5 & 19, 2004;**
- B. OLCC Application for Foxy's -- 11094 SE Main Street;**
- C. Award contracts for Public Works Building**
 - 1. Public Works Operations Building Electrical, Voice and Data Components Purchase and Installation**
 - 2. Public Works Operations Building Gypsum Board Purchase and Installation**
- D. Award Contract for Economic Development Consulting Services.**

Motion passed unanimously among the members present.

AUDIENCE PARTICIPATION

Les Poole, 15115 SE Lee, Milwaukie, Oregon 97267. He was inspired by Ms. Pai's comments about getting involved and discussed Metro Goal #1, which was citizen participation.

He discussed Milwaukie's annexation of the Town Center and thought there might be some action the City could take to get closer to I-205. Mr. Poole recently testified before the Planning Commission on the proposal to develop ballfields in North Clackamas Park. While he endorsed the ballfields, he was concerned about overstressing the park.

PUBLIC HEARING

Transportation System Development Charges -- Resolution

Mayor Bernard called the public hearing on the proposed transportation system development charges to order at 6:50 p.m.

The purpose of the hearing was to consider public comment on the proposed increase.

Mr. Shirey provided a brief background on the proposal. He contacted the Homebuilders Association to alert the organization of the proposed change, and no concerns were expressed.

Correspondence: None.

Public Testimony: None.

Mayor Bernard closed the public testimony portion of the hearing at 6:55 p.m.

It was moved by Councilor Stone and seconded by Councilor Loomis to adopt the resolution setting new system development charges for transportation improvements. Motion passed unanimously among the members present.

RESOLUTION NO. 36-2004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING NEW SYSTEM DEVELOPMENT CHARGES FOR TRANSPORTATION IMPROVEMENTS AS AUTHORIZED BY MMC CHAPTER 13.28

OTHER BUSINESS

Metropolitan Transportation Improvements Project Letters of Support

Mr. King provided the staff report. The City of Milwaukie made MTIP applications last June for the Downtown Pedestrian and Streetscape Improvements Project and the Lake Road Multi-Modal Improvement Project. At this date, these have survived the 150% cut, and the open comment period has commenced. In addition to letters supporting the two City projects, he requested that Council authorize the Mayor to sign letters supporting complementary regional projects.

Councilor Loomis thanked Mr. King and Ms. Rouyer for their work on preparing the Council for the recent listening posts. Councilor Stone prepared a great speech, and Rep. Blumenhauer's aide was very complimentary of staff.

Councilor Stone understood one letter supported the Lake Road and Downtown Projects and a second letter supported other regional projects that would benefit Milwaukie. She asked for information on the SW Boones Ferry and Lanewood Street intersection. It seemed less regional than the others.

Mr. King discussed the importance of presenting a united front.

Councilor Stone asked about the Oregon City's South Metro Amtrak project. It sounded like a great project to improve access to train travel.

Mr. King understood the first phase was done and that the station was open. This phase would add more parking and relocate the old freight station.

Councilor Stone recalled an Amtrak station in Milwaukie with a stop on Harrison Street. She thought having a stop in Milwaukie would be a worthwhile goal.

Mayor Bernard added there was a stop near the Public Safety Building, but it was not successful because it lacked parking.

Councilor Stone thought Milwaukie should look at the feasibility of developing a plan that would allow people to use the train in their own City.

Mayor Bernard discussed the importance of commuter rail in the future.

Councilor Stone thought it would be a great opportunity for Milwaukie to have a stop on a line that ran from California to British Columbia. She understood the money was not available but thought it would be a great vision for the City.

It was moved by Councilor Loomis and seconded by Councilor Stone to authorize the mayor to sign letters of support for Metropolitan Transportation Improvement Projects (MTIP) complementary and beneficial to the City. Motion passed unanimously among the members present.

Other

Mayor Bernard announced board and commission appointments:

- Dan Freinwald to the Cable Access Studio Ad Hoc Committee;
- Marie Watkins (Island Station), Susanna Pai (Lake Road), and Dolly Macken-Hambright (Linwood) to the Public Safety Advisory Committee;
- Dave Green, Shane St. Clair, and Mitch Wall to the Riverfront Board.

Councilor Loomis congratulated the Milwaukie High School Boys and Girls soccer teams for qualifying for the state tournament and wished them luck in their upcoming games.

ADJOURNMENT

It was moved by Councilor Stone seconded by Councilor Loomis to adjourn the meeting. Motion passed unanimously among the members present.

Mayor Bernard adjourned the regular session at 7:10 p.m.

Pat DuVal

Pat DuVal, Recorder

AGENDA

MILWAUKIE CITY COUNCIL NOVEMBER 2, 2004

MILWAUKIE CITY HALL
10722 SE Main Street

1945TH MEETING

REGULAR SESSION - 6:30 p.m.

- I. **CALL TO ORDER**
Pledge of Allegiance
2. **PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS**
 - A. **Recognize Rick Bantz for Service on Public Safety Advisory Committee as the Lake Road Neighborhood District Association Representative**
 - B. **Public Safety Advisory Board Interviews**
 - C. **Recognize Milwaukie High School Tech Cardre**
3. **CONSENT AGENDA** *(These items are considered to be routine, and therefore, will not be allotted Council discussion time on the agenda. The items may be passed by the Council in one blanket motion. Any Council member may remove an item from the "Consent" portion of the agenda for discussion or questions by requesting such action prior to consideration of that portion of the agenda.)*
 - A. **City Council Minutes of October 5 & 19, 2004**
 - B. **OLCC Application for Foxy's – 11094 S.E. Main Street**
 - C. **Award Contracts for Public Works Building**
 1. **Public Works Operations Building Electrical, Voice and Data Components Purchase and Installation**
 2. **Public Works Operations Building Gypsum Board Purchase and Installation**
 - D. **Award Contract for Economic Development Consulting Services**
4. **AUDIENCE PARTICIPATION** *(The Mayor will call for statements from citizens regarding issues relating to the City. It is the intention that this portion of the agenda shall be limited to items of City business which are properly the object of Council consideration. Persons wishing to speak shall be allowed to do so only after registering on the comment card provided. The Council may limit the time allowed for presentation.)*

5. **PUBLIC HEARING** *(Public Comment will be allowed on items appearing on this portion of the agenda following a brief staff report presenting the item and action requested. The Mayor may limit testimony.)*

Transportation System Development Charge, Continued from October 5, 2004 – Resolution (Brion Barnett)

6. **OTHER BUSINESS** *(These items will be presented individually by staff or other appropriate individuals. A synopsis of each item together with a brief statement of the action being requested shall be made by those appearing on behalf of an agenda item.)*

Metropolitan Transportation Improvements Project Letters of Support (Jeff King)

7. **INFORMATION**

- A. **Ledding Library Board Minutes, September 27, 2004**
B. **Center/Community Advisory Board Minutes, August 27, 2004**

8. **ADJOURNMENT**

Public Information

- Executive Session: The Milwaukie City Council may go into Executive Session immediately following adjournment at pursuant to ORS 192.660(2).

All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

- For assistance/service per the Americans with Disabilities Act (ADA), please dial TDD 503.786.7555
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.

MINUTES

MILWAUKIE CITY COUNCIL WORK SESSION OCTOBER 5, 2004

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Councilors present: Barnes, Lancaster, Loomis, and Stone.

Staff present: City Manager Mike Swanson, City Attorney Gary Firestone, Finance Director Stewart Taylor, Community Development and Public Works Director Alice Rouyer, Planning Director John Gessner, Engineering Director Paul Shirey, and Civil Engineer Brion Barnett.

Sanitary Sewer Utility Rate Analysis

Mr. Shirey provided background on the volume-based sanitary sewer rates adopted three years ago, the utility's fiscal health, rate impacts of the Sewer Master Plan, and the issues of regional wastewater consolidation and annexation of unsewered areas. He referred to staff report page 8 that outlined the conclusions:

1. The shift from a fixed-rate billing structure to a volume-based structure did not generate excess revenue for the sewer utility. Customers who consume more water (discharging more to the wastewater system) saw an increase in their sewer bills.
2. The utility should begin to "expense" depreciation and make deposits to its fund for future capital on an annual basis according to a depreciation schedule.
3. The current fiscal health of the sewer utility was good, but required relatively small rate increases over the next five years to keep pace with inflation. The increases ranged from 1.46% to 4.31% and averaged just over 3% per year over the next five years.
4. Annexing new areas to Milwaukie's sewer service area would add customers and generate more revenue but will also increase operating and capital expenses for the utility. The dynamic between revenue and expenses has yet to be fully analyzed. There was some flexibility in funding options to extend sewer service to newly annexed areas.
5. In order to make a contribution toward the closure of the Kellogg plant and minimize impacts on ratepayers, the utility would need to temporarily increase rates to fund a bond sale for this purpose. The bonds would be financed from the rates charged to system users. Rate increases ranged from 1.43% to almost 7% and averaged about 5% per year over the next five years.

Jeannette Hahn, Project Manager, Financial Consulting Solutions Group, Inc. (FCSG) provided a presentation on the sewer utility rate and financial condition. The priorities of the rate study were to:

6. Affirm the principles guiding the financial management of the sewer utility. It is an enterprise, and they wanted to evaluate the achievement of its costs and policies and to affirm its management;
7. Assess the existing rate structure to make sure it was achieving the objectives that it intended when it was established in 2001; and
8. Look forward at the requirements of this fiscal year and beyond to ensure the utility stays solvent, is fiscally healthy, meets its obligations, and considers issues related to the Master Plan including decommissioning the Kellogg Treatment Plant.

Ms. Hahn discussed the utility as an enterprise and provided some background. There were core principles in the financial management of the sewer utility:

1. The utility is self-sufficient – it is an enterprise like a business;
2. The rates and charges that are imposed must be based on the cost of providing service; and
3. Emphasize a clear distinction between operating and capital requirements. There are certain items the utility can spend revenues on, so the City needs to make sure there is a clear distinction.

She discussed self-sufficiency. The utility is an enterprise, and the revenues generated by the utility was the only source of revenue the utility had to meet all of its obligations. The general fund should not be subsidizing this enterprise. Tax dollars should not be mingled with rates. If sewer rates and other sewer-related revenues are not sufficient to meet all of the known obligations, one of two things has to happen – either increase revenues or reduce costs and re-examine priorities within the utility. It is a closed system. Revenues must equal expenditures.

The second core principle was that revenues must be based on the costs of providing sewer service. There were three cost components:

1. Capital costs – the big-ticket items in the capital improvement program identified in the Master Plan such as big pipe replacements. Debt service is another capital-related cost;
2. Operating costs – the daily, on-going expenses of running the utility. These included payroll, services, and supplies. These needed to be met by sewer revenues; and
3. Fiscal policy requirements – prudent policies set to keep the financial footing of the utility sound. One of those is industry depreciation funding, which means the utility is generating cash that can be spent on capital projects and reinvested in the system. This policy was becoming more common in comparable utilities.

There needed to be a clear distinction between operating and capital costs. Operating costs are the daily expenses of maintaining and managing the system. Rate revenues are the primary source of revenue in the utility and must cover operating costs. The

impact on the rates was real time. For example, you need to have the revenues to pay a utility worker.

Capital costs were the big-ticket items. They are the investment in infrastructure – fixed assets, pipes, pump stations, etc. These costs that can be funded from a variety of sources such as rates and system development charges (SDC) imposed on new connections to the system. One may debt finance capital costs by issuing bonds or securing loans and may be paid back over time through the sewer rates. There are many ways to pay for capital costs, so the impact on the sewer rates can be real time or spread over time to the extent capital projects are debt financed. The distinction is important because there were legal restrictions on what certain capital monies like SDCs and debt proceeds can be used for.

The next topic was how the City accounts for the sewer utility. There are three funds related to the sewer utility: (1) operating fund; (2) capital fund; and (3) SDC fund. The City Council as the policy making body looks at financial documents, so it is important to understand the accounting structure.

The City's fund 540 was the operating fund, which Ms. Hahn related to a personal checking account. This was the fund used to pay on-going expenses such as payroll, which was the largest expense outside of wholesale treatment services. The primary source of revenue in the operating fund was sewer rates. The obligations of fund 540 were the operating expenses. Because you bring in all of your money into this fund, there was an obligation to transfer funds into fund 550 – reserve for future capital.

The capital fund's main responsibility was to serve as a savings account. Money is saved and then spent as needed on big-ticket items for investment in infrastructure such as pipe replacements and improvements to the assets. The only source of revenue in fund 550 is what the City chooses to transfer from sewer rates. If the City Council by policy decided that the City would generate money through rates to fund capital projects, that money needed to come from fund 540 and deposited in fund 550 to be saved and spent as needed on projects.

Fund 545 is the SDC fund, and the City is legally required to have this special fund. Money is collected, deposited, and spent on projects that are eligible to be funded through SDCs.

If you liken this to how you manage your own household budgets, fund 550 is where you want to see the most amount of money. Fund 540 is like a checking account where you see a lot of activity as money comes in and goes out to pay bills.

Mayor Bernard clarified that SDCs are charged to developers who, for example, hook up to the sewer system.

Ms. Hahn discussed fiscal policies that were associated with how the City accounted for the utility as an enterprise. The first was a minimum fund balance that acted as the cushion. It was important to keep some level of cash in fund 540 to get the City through any short-term emergency or revenue fluctuation. FCSG recommended keeping enough working capital so that the City could pay its bills for 45 days without revenue coming in. That actually equals about \$360,000, and she would not want to see the fund dip below that level. The City may also choose to set other minimum fund balances by policy. One of those could be a contingency to sustain some level of cash for unanticipated events such as project cost overruns. The City already budgets that way by setting a 10% contingency in the sewer utility. Another level of a minimum fund balance that could be set was an emergency reserve. This might be tied to the City's most expensive asset such as a broken line or equipment that could be cash-funded for repair. The City does not have a specific policy for that right now, but one could be established.

Another fiscal parameter or guiding principle in how the utility was managed was how the City chooses to fund its capital projects. The current method is called pay as you go. This means the City cash funds all of its capital. Milwaukie does not go out to market and issue bonds, and it has no debt to pay. Historically, Milwaukie has dipped into its savings account to pay for capital.

Another approach to funding capital would be debt financing if there was not enough cash on hand or the City did not want a severe rate increase to fund a big project. It would be prudent to issue debt in that scenario to spread the burden over time and minimize rate impacts.

Finally, **Ms. Hahn** discussed depreciation funding. If you talk with people in the industry, this was coming out as capital reinvestment. This meant that the City sets as a requirement that the sewer rates generate cash that can be put into the capital fund and reserved. The idea was to pay for replacement and rehabilitation of the system. This essentially gives the City the ability to reinvest in the system to keep it from failing rather than issuing debt for maintenance. It was called depreciation because a benchmark was set for how much cash the City's rates should generate. Depreciation expense was an accounting term and reported on the financial statements. It was tied to the rate of deterioration of assets – the original cost of an asset spread over its useful life. That becomes the depreciation expense that is reported annually. It has become the industry standard to say that depreciation expense is the right amount that the City should be reserving on an annual basis in the capital fund for system reinvestment. Depreciation was chosen because it was based on the original cost of an asset. If you spend \$100,000 today on an asset that will last 20 years, this essentially says that in 20 years when that asset fails, the City will have reserved \$100,000 (the original cost) plus the interest. The ratepayer at that time would pick up any additional costs because the original cost asset 20 years ago will not completely cover the replacement costs. It was a sharing of the burden of system replacement and avoided a rate spike at the time of replacement. **Ms. Hahn** described it as a proactive investment in the system. Depreciation was an equitable means to do this. Ratepayers were not being asked to

fund the entire replacement – just that portion of what it costs to put it in the ground today. Future ratepayers would pick up the rest through their rates. This was an important policy, because rates need to cover operating expenses and meet depreciation expenses. That allowed the City to pay its bills and have an extra amount of cash to transfer to the capital fund.

The 2001 volume-based rates were set to cover depreciation. Milwaukie has been collecting money to pay its bills and fund depreciation. That money has accumulated in the operating fund, and the transfers were not taking place, which caused a distortion.

In 2001, FCSG helped the City conduct a rate study. The primary purpose of the study was to move from a flat rate structure with everyone paying the same charge per month to a volume-based rate structure, which was now required in Oregon. The City Council adopted a strategy at the time to phase in the volume-based rate structure. The fixed charge was lowered, and the volume charge was increased. This provided a transition into the new rate structure. At the same time, increases to revenue were embedded. At the time the rates were evaluated, FCSG projected operating expenses. It was found that revenues were not growing as quickly as expenses taking inflation into account. Not only was there a transition to the volume-based rate structure, but also incorporated rate increases of slightly less than 4% per year. Everyone saw an increase because revenues had to keep pace with general inflation of expenses. The final step of the plan was implemented last July, so the transition to volume-based rates was complete.

There are three basic requirements of rates: (1) recover full cost of service; (2) recover costs equitably; and (3) satisfy policy objectives. When setting rates, one must consider revenue levels that keep the utility solvent and meet all of its obligations. How volatile is it? Can revenue be taken in that does not run the utility into the red? That was why the rate structure had a fixed component and a volume component. Rates should be fair across and within classes. Those who use more water and discharge more into the system should pay more. That was the basic need for rates equity. It is important although not required that the City encourage conservation, and that can be accomplished through volume-based sewer rates. Finally, community objectives can be injected. One important objective when the volume-based rates were set was that the City not create an unnecessary barrier to entry into the system. That means the fixed charge is not huge. The fixed rate transitioned from about \$36 to \$15 over those three years while the volume rate was ratcheting up. This means those households with lower consumption can have moderate bills. They are not paying an enormous fixed charge just to get basic sewer service. That is an important community objective.

Prior to 2001, everyone paid the same flat rate. Some people paid too much, and others paid too little. The volume-based rate structure was designed to make it equitable, and the bills are tailored to the individual and commensurate with the burden put on the system. The average residential customer pays \$15.00 per unit as a fixed charge plus \$2.10 per 100 cubic feet (ccf) of average winter water consumption. That is about 748 gallons. Calculations were based on the winter average, because people watering their lawns during the summer are not impacting the sewer system. Everyone

pays based on the average consumption from December to March. That amount is used throughout the year to determine the sewer rate and recalculated annually.

The City is generating total rate revenue equal to the utility costs and obligations such as depreciation. The volume-based sewer structure was more equitable than a flat rate structure and ensured the rates were based on the cost of providing service to customers. Those who used more than the average volume saw increases in their bills. Those using less saw decreases in their bills. The volume-based rate has not over-collected revenues. She provided examples from the histories of three actual customers that showed how the burden shifted.

Ms. Hahn reported on the fiscal health of the utility and discussed three components -- what you need to meet for your operating expenses; what you need to meet for your policy requirements; and capital costs. The current rates were generating about \$3 million. She discussed depreciation and capital needs. The City needed to meet its operating expenses that continue to grow over time with inflation, additional services, or mandated programs. Finally, there were the capital costs. Currently, depreciation and operating expenses exceed the revenue being generated from the rates. Today there is a slight gap between of about \$43,000 or 1.5%. That is the reason for the recommended 1.46% increase this fiscal year. The City has been generating enough revenue with cash on hand for some of the capital projects.

Ms. Hahn projected sufficient cash in reserves to fund all of the known capital projects excluding the Kellogg Treatment Plant issue. As some level of inflation was assumed, there were inflationary level rate increases needed in outer years. She was not requesting action on those at this time. That 1.5% increase would mean about \$0.53 for a typical customer with a 10 ccf average usage.

The utility was in pretty good condition. The City was able to meet its capital programs outside the Kellogg issue. A very moderate increase was recommended to meet the general inflation and expenses along with the prudent depreciation policy.

Ms. Hahn discussed the Kellogg issue and the options of what would be done to make a \$5 million payment toward decommissioning the Kellogg Treatment Plant. One option was to pay \$1 million annually from cash reserves and debt finance. The second option was to pay a lump sum in 2008/2009. The third option would be to self-finance that amount using cash reserves built up by increased sewer rates.

Each of these options had two sources of funding -- the use of accumulated cash in the capital fund and debt financing. Option 1 would mean paying \$1.9 million in cash and debt financing \$3.1 million. At the end of five years, rates would have to meet the new requirement of \$270,000 for loan repayment. Option 2 was the "wait and see" method that would result in the City's writing a check for \$5 million in five years. In 2008/2009, the City could probably cash fund about \$2 million and debt finance about \$2.9 million. The result would be about \$260,899 for debt financing. The last option was self-financing that would mean raising rates over the next five years.

The baseline increase over the next five years was 16.05%. Option 1 would result in a projected 28% increase; option 2 would be 25.3%; and option 3 would be 60% over the next five years. The lowest cost option was the “wait and see” approach. The utility would operate as it does today, and if the City wanted to pay the full amount in five years, it would have to debt finance. That would spread the burden over a period of time and result in a relatively moderate rates impact. That would be a good use of debt service.

The final master planning issue was annexation and the need to serve seven basins that were currently unserved. If the Council directs, staff can draft a financing plan and strategy for these areas within the urban growth area. Some options are:

1. SDCs representing buy in to the system representing developers’ fair share of the cost of expanding the system to serve their needs;
2. Developer builds facilities and donates them to the City as an option for sewer extensions in those areas;
3. Local improvement districts that would assess those properties and charges would not be seen on the utility bills; and
4. Debt financing and making the debt service a common obligation for all rate payers. Another option would be to create separate customer classes based on the cost of providing service.

There are several options available, and Ms. Hahn was not prepared to discuss any rate implications or financing at this time.

In conclusion, the sewer rate revenues needed to cover all expenses including operating and the depreciation policy. This was the primary source for cash-funding the capital program. To do that in this fiscal year, she recommended a 1.5% increase that would result in a \$0.53 increase on a typical residential customer’s bill. The City Council could provide direction to staff on what it would like to do with the Kellogg Treatment Plant. How do you want to pay for it? Cash today from higher rates? Wait and see and pay it over time by using debt? The lowest rate impact was paying it over time with debt. The City does not currently have any debt, and this option would not place an undue burden on the ratepayers.

Mayor Bernard discussed annexation and possible financing.

Ms. Rouyer noted that the \$5 million figure related to Kellogg Treatment Plant was a staff projection of the cost of decommissioning from the original study. It was a Council policy decision that would be part of the Clear Water Project and regional sewage treatment. The policy consideration was whether or not Milwaukie should contribute as a way to show its commitment to the region. There were three issues to consider:

1. Financial Health of the utility;
2. Policy discussion around Kellogg Treatment Plant; and
3. Annexation.

Mr. Swanson commented on the Kellogg issue. The question arises of why should we come up with any money? The reason was that Kellogg is an asset that with additional funding could be operational for years to come. It may take a substantial amount of money to do that, but the concrete and bricks do not go away. The moving parts can be replaced. For Clackamas County Service District 1, Milwaukie was saying to reclaim its riverfront, we want you to destroy and give up an asset. One of the arguments that he believed has some strength was that in order to ask them in good faith to give up this asset, Milwaukie would have to bring something to the table. It may not be of value to Milwaukie in terms of use to the riverfront, but it was of value to those whose wastewater was treated at that facility. It could remain an asset into the future and was why the chances would be vastly improved if Milwaukie came to the table with something. The \$5 million was a placeholder. Milwaukie has some equity in the system, and there would have to be a lot of discussion about the dollar amount if that indeed was the way the City Council wanted to proceed. He could say with a great deal of certainty that the chances of actually making that move – decommissioning Kellogg – would be vastly improved if Milwaukie was willing to put something on the table.

Mayor Bernard added that all of the plants on line at this time needed to be upgraded at a cost of about \$15 million. Milwaukie does not have a lot of land, and there was talk of expanding in the future into the industrial area or riverfront. This was an issue the City Council needed to be concerned about. There was a study two years ago that indicated elimination of the treatment plant could bring up to \$80 million of development into Milwaukie. His main concern was where the plant would have to expand. Island Station? The industrial area?

Councilor Loomis had not read that in any material.

Mayor Bernard said this was only a discussion at this point. He clarified this would be the scenario if all plants had to be expanded to meet the needs of Damascus.

Councilor Loomis said there were five options, and the one most people agree upon was the Tri-City expansion.

Councilor Stone understood the City Council sat at this table and made the decision that the best option would be consolidation in terms of being the most fiscally prudent idea.

Mayor Bernard said this is to re-enforce that.

Mr. Shirey recommended that Clackamas County do a better job of explaining what the status quo option would mean if all of the projected growth occurs and the cost implications. If they do not do that, he felt they would fail to make the most compelling argument for consolidation.

Mr. Swanson added in terms of expansion there was a certain amount of power because the City would not choose to employ its land use powers as it did in 1974. Milwaukie does have some power, and it will need some power in terms of affecting or having a great deal of influence on a decision that would lead to decommissioning Kellogg. He discussed constructing a scenario that would allow the City to at least approach the table with some assets. The \$5 million would go toward the overall project eventually leading to consolidation. He envisioned that the property would stay with the District, but Milwaukie did have land use authority and a great deal of influence on what that property would look like once it was vacated.

Mayor Bernard reiterated there was \$80 million in potential development opportunities, and the City would receive tax revenues.

Councilor Loomis asked if the City could tie that \$5 million into future tax revenues.

Mr. Swanson was seeking direction on investigating various options for Council consideration. The Clear Water Project is out there, and at some point people will want to know what direction Milwaukie was proposing. He thought it would be helpful to come back with scenarios for generating revenues. Staff also needed direction on proceeding with the 1.46% increase to balance the current utility.

Councilor Stone would like to clarify the arbitrary figures such as the \$5 million to decommission the plant. Who created those numbers and how are they developed? She also wanted information on the projected tax revenue if the riverfront develops.

Mr. Swanson will provide the City Council with copies of the 2001 economic analysis and tax implications if the Kellogg Treatment Plant was decommissioned. He was not committing to Milwaukie's sitting down and negotiating anything right now. There needs to be an understanding with Council.

Councilor Loomis believed a majority of people in Milwaukie would like to see the Kellogg Treatment Plant gone, but how we pay for it needed to be discussed with all the citizens.

Mr. Swanson asked Council's direction on the immediate rate increase.

Councilor Loomis was against it.

Councilor Barnes suggested resuming this conversation after the regular session, and the group agreed.

The work session was recessed at 6:30 p.m. to reconvene after the regular session to continue discussions and address the outstanding agenda item.

Continuation of Sewer Rate Discussion

Ms. Rouyer said staff was looking for direction in three areas: (1) state of the sewer fund and the need for a rate increase; (2) contribution toward decommissioning the Kellogg Treatment Plant; and (3) annexation of unsewered areas.

Councilor Barnes appreciated staff's discussion with Councilors to go over the details. One of her questions had to do with the breakdown of categories. Are there many customers in the top tier?

Mr. Shirey thought it might be difficult to get that information because the City does not know the makeup of the households.

Ms. Rouyer said another issue was that census data is not readily available.

Councilor Barnes was not that interested in demographics per se but the number of households in the upper, mid, and lower ranges. She did not need to know how many children there were in the family. If the majority was on the top level, she assumed more revenue would be generated. If the majority was at the lower end, the revenues would be lower. The City may not need that great an increase.

Councilor Lancaster said the problem was that the revenue generation was variable with the usage.

Councilor Barnes noted the top tier did not go down; it remained the same.

Mr. Shirey said staff could look at consumption by household and see how many were below and above average.

Mayor Bernard supported the small increase and suggested holding it over to the next time.

Councilor Stone asked how significant the data would be.

Ms. Rouyer said the department still needs the revenue. She understood it was less about the revenue than adjusting the methodology to fairly distributed the cost throughout the system.

Mayor Bernard understood the volume-based system was adopted to do that. He was concerned about penalizing the heavier users still more and creating an unfair burden.

Councilor Barnes added everybody's rates went up.

Mr. Shirey responded that was because there was a rate increase.

Mr. Swanson said staff would look at the figures to provide Council with the desired comparison.

Councilor Lancaster asked what doing this would show?

Councilor Loomis explained that in July 2003, staff said it did not need the 4.5% rate increase. He was also concerned about its being stated over and over that it was revenue neutral. Everybody he has talked to said his or her sewer bills were a lot higher. One single person's bill went down \$1.

Councilor Lancaster thought Councilor Loomis was equating revenue neutral with people's bills not going up.

Councilor Loomis said in his mind there needed to be a group below the line.

Mayor Bernard added there was depreciation and capital to consider.

Mr. Shirey responded that the consultant pointed out that there was no more money than it took to operate the system.

Councilor Stone said that was the initial thought when we looked at the data because there were the spikes, but that was not the case.

Mr. Swanson said if you go back to the fixed rate and look at the most recent billing periods and do a scattergram, there would be a good picture of how many people are paying above the fixed rate and how many people paying below it. Those paying below are not going to call and say, "I'm paying less – good job." There should be a way to answer people's questions and indicate a balance.

Councilor Loomis said his other issue was this impact that was ongoing to go away. If we are short \$43,000, then the City needed to find \$43,000 instead of charging the ratepayers. Maybe Council should not have given the 3% raise.

Councilor Lancaster said that was irrelevant to the concept that the utility was a self-contained system and must support itself now and into the future. The City has to collect whatever rate was required on the most fair basis that sustains the utility. Now we need an additional 1.46% to keep it self-generating. It had nothing to do with how much people's bills have gone up and down or getting the money from somewhere else to make up the shortfall. That did not make any sense to him. It was not relevant. Debating the fairness of the rate and the methodology was fine, but it cannot be equated to the amounts of customer bills. The earlier subsidy by commercial ratepayers kept residential bills artificially low. People have the ability to reduce their costs by changing their water use habits. It was critical to focus on the utility's being self-supporting. He thought the City should implement the 1.46% increase immediately.

Mr. Shirey suggested reducing operating and maintenance costs would involve decisions about personnel and equipment. He argued that the utility was well run and efficient.

Mayor Bernard did not think the City Council should micromanage the departments. The utility cannot be funded out of the general fund. It was the Council's responsibility to provide for future maintenance instead of saving it for future ratepayers. How much water a person uses was a choice.

Councilor Stone asked if there was a possibility of finding the money elsewhere. What was the possibility of looking at operational expenses?

Mr. Shirey said it was cumulative. If rates are not planned on an incremental basis, then there will be rate spikes.

Councilor Lancaster said it was incumbent upon staff to demonstrate that the utility was being run as efficiently as possible. If the utility was being run efficiently, then rates would have to increase to cover the shortfall.

Ms. Rouyer stated the utility was being run efficiently, and the department was budgeting properly.

Councilor Stone understood the 1.46% increase on the average bill would mean a \$.53 to \$.68 increase every two months. She was in favor of the increase. It was nominal. The utility was self-contained and was run on rates.

Councilor Barnes said the table indicated a 4.31% increase, and the year after that 3.13%, so it was not just this 1.46% increase. It was about 16% over a period of years.

Ms. Rouyer said rate increases could be done a number of ways with modest, incremental increases over the years with a multi-year resolution. It was incumbent to budget to provide for the utility's fiscal health.

Councilor Lancaster was comfortable telling staff to go forward and operate the utility on the self-sufficiency basis just discussed. He saw no reason to revisit it other than in an annual report. The Kellogg Treatment Plant issue was much more problematic.

Mayor Bernard asked staff to prepare the analysis.

Ms. Rouyer understood there was consensus on preparing a resolution for a five-year rate increase and the table on the baseline forecast.

The group agreed to hear the sewer extension strategy at a future work session.

Measure 37 Discussion

Councilor Barnes was very concerned about Measure 37 and some of the ramifications for local jurisdictions. She attended a Clackamas County Coordinating Council meeting during which this measure was discussed, and a majority of city leaders joined the Take a Closer Look Committee. The League of Oregon Cities representative said passage of the measure would likely cost cities millions of dollars.

Mr. Firestone discussed the potential impact of Measure 37 if it should pass. It was similar to Measure 7 that passed several years ago but was struck down by the courts. Basically, it said if a land use regulation as applied devalues property under certain circumstances the property owner may make a claim for the lost value of the property. In his legal opinion, it was not the best-drafted legislation because it left many issues unanswered. One of the big ones was that it allowed governments to waive regulations if they might lead to a claim for compensation under Measure 37. It was unclear if a city could waive a state regulation. The City may, as it did with Measure 7, adopt a procedure and series of actions, and he recommended the City do so. Cities must further pay claims from a fund established for that purpose, but it does not impose any requirement that such a fund be created. There would be many claims, some of which would be legitimate. The problem would be that the cities would have to be involved in the due processing of these claims. He discussed other aspects of the Measure. He anticipated challenges if voters approved this.

Councilor Barnes discussed the concerns with this going back through various family members and family-related corporations. There was also no local hearing process.

Mr. Firestone said cities have the choice of enforcing and paying or not enforcing and not paying. There was a process for the City to make that decision.

Councilor Barnes thought how one voted on this was a personal choice. A majority of City Councils have gone on record supporting the Take a Closer Look Committee.

Mayor Bernard adjourned the meeting at 8:40 p.m.

Pat DuVal, Recorder

MINUTES

MILWAUKIE CITY COUNCIL OCTOBER 19, 2004

CALL TO ORDER

Mayor Bernard called the 1944th meeting of the Milwaukie City Council to order at 6:40 p.m. in the City Hall Council Chambers. The following Councilors were present:

Council President Larry Lancaster	Councilor Deborah Barnes
Councilor Joe Loomis	Councilor Susan Stone

Staff present:

Mike Swanson, City Manager	John Gessner, Planning Director
Dom Colletta, City Attorney	Keith Jones, Associate Planner
Stewart Taylor, Finance Director	Lindsey Nesbitt, Associate Planner
Alice Rouyer, Community Development and Public Works Director	Brion Barnett, Civil Engineer
JoAnn Herrigel, Community Services Director	

PLEDGE OF ALLEGIANCE

PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS

Metropolitan Transportation Improvements Program

Ms. Rouyer announced Metro was holding two important listening post meetings on the 2006 – 2009 Metropolitan Transportation Improvements Program (MTIP) and encouraged City Council and public to attend and/or provide feedback on Milwaukie's applications. The City submitted applications for the Lake Road Multi-Modal Enhancements Project and the Downtown Pedestrian and Streetscape Improvements Project. She discussed the \$2.1 million Lake Road safety improvement project that would begin at 21st Avenue and end at Kuehn Road. The second project was downtown sidewalks. Metro will accept written comment from the public until December 6, 2004.

Mayor Bernard understood Lake Road was number four on the list of four at 150% and urged community support. The downtown sidewalk project was well ranked.

Ms. Rouyer provided photos that would make a good case in a Councilor's Metro presentation. She also suggested attendance at the Oregon City meeting where all the Clackamas County projects were being discussed.

Mayor Bernard announced the dedication of the *Welcome to Milwaukie* sign on November 5 at 7:30 a.m. beginning at City Hall with prizes and a continental breakfast. Sharon Klein carved the sign, and the Milwaukie Rotary and the City will sponsor the event.

Advisory Board Interviews

The City Council interviewed **Dan Freinwald** for a vacant position on the Cable Access Studio Ad Hoc Committee and **Marie Watkins** for the Island Station position on the Public Safety Advisory Board. **Dave Green, Reese Mayo, Richard Newman, Shane St. Clair,** and **Mitch Wall** were interviewed for positions on the Riverfront Board.

CONSENT AGENDA

It was moved by Councilor Barnes and seconded by Councilor Stone to approve the Consent Agenda that consisted of:

- A. City Council Minutes of September 5, 2004;
- B. Resolution No. 32-2004: A Resolution of the City Council of the City of Milwaukie, Oregon Amending Resolution No. 44-2003, Relating to the Acquisition of Property for Right-of-Way;
- C. Resolution No. 33-2004: A Resolution of the City Council of the City of Milwaukie, Oregon, Recording the Certified Election Results for the September 21, 2004 Special Election; and
- D. Resolution No. 34-2004: A Resolution of the City Council of the City of Milwaukie, Oregon, Authorizing the Mayor to sign and Renew the Intergovernmental Agreement with Clackamas County for a Grant to Maintain the Juvenile Crime Diversion Program.

Motion passed unanimously.

AUDIENCE PARTICIPATION

None.

PUBLIC HEARING

A. Historic Designation for 9908 SE Cambridge Lane (HR-04-01)

Mayor Bernard called the hearing to order at 7:10 p.m. and announced the hearing was continued from October 5, 2004.

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The purpose of the hearing was to consider changing the historic designation for the property located at 9908 SE Cambridge Lane from “unrankable” to “contributing” as recommended by the Design and Landmarks Commission, Planning Department File No. HR-04-01.

Mayor Bernard reviewed the order of business. The City Council decision would be the final decision of the City. All testimony and evidence was to be directed toward the applicable criteria. Failure to address a criterion or raise any issue with sufficient detail precluded an appeal based on that criterion or issue. He reviewed the conduct of the hearing.

There were no potential or actual conflicts of interest declared or challenges to a member’s ability to participate in the decision. There were no objections to the Council’s jurisdiction to consider the matter.

Staff Report: **Mr. Jones** provided the staff report. In 1988, the City inventoried historic landmark properties and created code in the Zoning Ordinance for protection of those properties. The historic landmark properties were ranked into three categories: unrankable, significant, and contributing. The property at 9908 SE Cambridge was in the unrankable category, and the applicant requested that the property be ranked as contributing. The owner could not get a building permit for any exterior modification until the property was ranked. The applicant based his argument on the worksheet that addressed three main categories: historical association, environment, and architecture, and each of these had subcategories. The applicant ranked the property as being particularly strong because the notable architect Morris Whitehouse designed it. There were no special events on the property. The subject property was not well known as a visual landmark because trees on a private street obscured it. The surrounding setting of the property was excellent because of the Cambridge-Waverly area and the house fit well with the character of the neighborhood. In terms of architecture, it ranked “good” in style and materials. The house did not rank as highly in integrity because modifications in 1968 removed some of its historic features. It was one of the few English-style cottages in the Portland areas.

The Design and Landmarks Commission held a hearing in August 2004 and recommended the City Council adopt the applicant’s recommendation to rank it as “contributing” property based on the historic worksheet. This was a Comprehensive Plan amendment to the list and historic map.

Applicant’s Comments: **Mr. Lyndon Murray** purchased the house last year when he moved to Milwaukie from France. He was intrigued that the architect who built this house also built the American embassy in Paris. The house was built in 1912, and the cottage that was semi-attached to the house was literally untouched from its 1912 condition. About 50% - 60% of the main house was untouched, but the part that was changed damaged the integrity when the sunroom was removed. The intent, to the best of his ability, was to take the house back to its original design; however, there were

some practical limitations. The roofline was extended, and that would not change. He would work within the existing footprint, but try to recreate the original sunroom look and feel. Many of the French doors were removed and replaced with fixed windows, and those would not be changed. A Greek-style entrance was added to an English cottage, which he felt was inappropriate. The flat roof extension was supposed to be a carport, and the garage was about 50 feet away. The intent was to pick up the double peak effect of the main house and do that on the cottage to make it look as if it was always that way. Mr. Murray provided photos of the property.

Correspondence: There was no additional correspondence on the matter other than those items included in the packet.

Public Testimony: None.

Additional Staff Comments: None.

Mayor Bernard closed the public testimony portion of the hearing at 7:20 p.m.

Council Discussion and Decision: **Councilor Barnes** asked Mr. Murray what brought him to Milwaukie.

Mr. Murray purchased a business in Beaverton, and his son was a student at Lewis and Clark.

Councilor Loomis commented he visited the residence and hoped that area was included in Milwaukie's demographics. It was a beautiful property.

Councilor Lancaster applauded Mr. Murray's restoration efforts.

It was moved by Mayor Bernard and seconded by Councilor Barnes for the first and second readings by title only and the adoption of an ordinance amending the Comprehensive Plan to change the historic designation of property located at 9908 SE Cambridge Lane. Motion passed unanimously.

The city manager read the ordinance by title only two times.

The city recorder polled the City Council. Councilors Barnes, Lancaster, Loomis and Stone and Mayor Bernard 'aye'; no nays; no abstentions. Motion passed unanimously.

ORDINANCE NO. 1937:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AMENDING THE COMPREHENSIVE PLAN TO CHANGE THE HISTORIC DESIGNATION OF PROPERTY AT 9908 SE CAMBRIDGE LANE FROM "UNRANKABLE" TO "CONTRIBUTING."

B. Downtown Code Amendments, ZA-04-01

Mayor Bernard called the public hearing on the code amendment initiated by the City of Milwaukie order at 7:25 p.m.

The purpose of the hearing was to consider public comment on amendments to Municipal Code Chapter 19.312 – Downtown Zones – as recommended by the Planning Commission and Design and Landmarks Commission, File No. ZA-04-01.

Mayor Bernard reviewed the order of business. The City Council decision would be the final decision of the City. All testimony and evidence was to be directed toward the applicable criteria. Failure to address a criterion or raise any issue with sufficient detail precluded an appeal based on that criterion or issue. He reviewed the conduct of the hearing.

There were no potential or actual conflicts of interest declared or challenges to a member's ability to participate in the decision. There were no objections to the Council's jurisdiction to consider the matter.

Staff Report: **Ms. Nesbitt** provided the staff report. On September 28, 2004, the Planning Commission adopted a resolution recommending that the City Council approve proposed changes to the Zoning Ordinance and Zoning Map. The applicant, the City of Milwaukie Community Development Department, proposed a number of changes to the downtown zone that included permitting townhouses and multi-family residential dwellings in a limited portion of the downtown zone to create a "village concept area." This amendment would only permit multi-family areas in that portion of the downtown storefront zone. The rest of the downtown would remain the same. The second proposal was to allow surface parking lots and curb cuts within 50 feet of Main Street. The third proposal was to permit upper level, unenclosed balconies to project up to 4 feet within the right-of-way subject to fire regulations, building codes, and other safety limitations. The fourth change was to modify the design standards criteria to create more flexibility for the Planning Commission and Design and Landmarks Committee (DLC) in allowing prohibited materials to be used subject to a review process.

Ms. Rouyer summarized the amendments. The Village Concept on the North Main site allowed for townhouses and condominiums where they are not allowed today. Initially, staff looked at just allowing townhouses and multi-family dwellings outright throughout the downtown storefront zone but realized that might create some unintended consequences. Townhouses might not get the City to the kind of density it wanted in the downtown. This particular proposal allowed for a mixture of uses appropriate on the site based on size and configuration of the site.

This proposal identified an issue. The intent was to create a long, continuous row of buildings and retail uses along Main Street. To do that curb cuts and parking lots were

prohibited within 50 feet of Main Street. In the pre-application process for this project, it was pointed out by the fire marshal that there needed to be emergency access on the north side. That created a regulatory need for the curb cuts. In looking at that design, it was determined the parking could be distributed to allow access from 21st Avenue and Harrison Street and Main Street. Subsequently, there was consideration of an off-street parking lot. There were criteria on staff report page 17 that required the parking lots be adequately screened and that the need for the parking outweighed the design deficiencies. In some cases there would be a community need. In this case, she believed this proposal would be meet the criteria in design review.

There was a residential balcony standard that was currently a development standard, so it would require a variance. Moving it to a design standard required a different review process that would go to the DLC. It would be less onerous but would still require some strong design scrutiny, and she believed it would be very positive. The fourth amendment would allow upper-level, unenclosed balconies to project into the right-of-way. Currently, balconies may project 18 inches into the right-of-way. The City of Portland allows them to project up to 4 feet. Ms. Rouyer believed this could create a very dynamic right-of-way. All of the projections into the right-of-way would have to address fire and building code issues.

Finally, the amendment would change the process to allow the DLC and Planning Commission to consider prohibited materials. There was no way to vary prohibited materials under the current code. The proposal established a process that allowed the Planning Commission and DLC to scrutinize the use of materials like hardy plank.

Mayor Bernard asked if hardy plank was proposed on the first floor. He had no problem with its being used on the upper levels.

Ms. Rouyer responded it was not proposed on the first floor in this project along Main Street. Amendments 2, 3, 4, and 5 would apply to the entire downtown. Number 1 would apply to this site only.

Mayor Bernard asked, then, if prohibited materials on Main Street would be possible at other sites.

Ms. Rouyer said the proposal would allow prohibited materials on the first floor to be considered if an applicant made a request. The burden would be on the applicant to make a strong case that those materials met the intent of the code, design guidelines, and the downtown plan. This outlined a process for considering those kinds of requests.

Councilor Lancaster asked if the City did or did not create a list of prohibited materials in the process.

Ms. Rouyer replied that a list was created.

Councilor Lancaster understood that some of those materials could be taken off the list under certain circumstances.

Ms. Rouyer said that material would continue to be on the list of prohibited materials in the code. The amendment outlined a process for an applicant to make a case to the Planning Commission and DLC for using the prohibited material. The burden was still on the applicant to make the case. There were strong, clear safety guidelines along with strong guidelines in the code that clearly articulated the intent.

Councilor Lancaster understood the existing codes and guidelines would be the criteria for an exception.

Ms. Rouyer read the proposed language, “The Planning Commission may authorize the use of prohibited materials or design features in a public hearing in accordance with the following criteria: the applicant demonstrates that the prohibited material is substantially comparable to an allowed material with regards to quality, appearance, style, architectural effect, and durability. Use of the prohibited materials is consistent with design considerations specified for the particular design element in the Milwaukie Downtown Design Guidelines.”

Councilor Lancaster asked if there was any further delineation of what substantially comparable meant.

Ms. Rouyer replied that there was not.

Councilor Lancaster understood then there was a certain level of subjectivity.

Ms. Rouyer stated there was a lot of subjectivity in design review in general and to some extent was a judgment call. She believed all the tools in the code, plan, and downtown design guidelines were very effective.

Councilor Stone reiterated Councilor Lancaster’s comments that that popped out at her too. She wondered why the City would have the DLC make a list of prohibited materials because there must have been a good reason for doing that. The only reason she could think the developer would want to try and make a case for using a prohibited material would be to offset some costs. She was not in favor of adjusting what the DLC did in terms of prohibited materials without their input. Did the DLC know this was being proposed?

Ms. Rouyer responded that these amendments went to the Planning Commission in September, and there were public hearings with the DLC. Both the Commission and the Committee recommended these be moved on for the City Council’s approval.

Mr. Gessner added there was a hearing with the DLC, and that group unanimously forwarded its recommendation for approval.

Correspondence: There was no additional correspondence.

Public Testimony: None.

Additional Staff Comments: None.

Questions from Council:

Close of Public Hearing: **Mayor Bernard** closed the public testimony portion of the hearing at 7:40 p.m.

Council Discussion and Decision: **It was moved by Councilor Stone and seconded by Councilor Loomis for the first and second readings by title only and the adoption of an ordinance amending Municipal Code Chapter 19.312 – Downtown Zones.**

Motion passed unanimously.

The city manager read the ordinance by title only two times.

The city recorder polled the Council: Councilors Barnes, Lancaster, Loomis, and Stone and Mayor Bernard ‘aye’; no nays; no abstentions. Motion passed unanimously.

ORDINANCE NO. 1938:

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING THE MILWAUKIE MUNICIPAL CODE BY ADOPTING CERTAIN TEXT AMENDMENTS TO CHAPTER 19.312 DOWNTOWN ZONES.

OTHER BUSINESS

Adoption of City Investment Policy

Mr. Taylor provided the staff report. The proposed resolution adopted an investment policy for the City of Milwaukie. ORS 194 sets forth provisions regulating the investment of available cash for local governments. One of the provisions of that chapter was that the governing body of the local government shall establish a written order regarding investment of available cash. That written order was generally provided through an investment policy. The provisions of the statute also requires that the policy be reviewed by an Oregon Short Term Fund Board (OSTFB) which is advisory to the Oregon State Treasury prior to local adoption. The Board reviewed the proposed policy at its September 29, 2004, and did not have any comments or changes.

The City's current investment policy was last reviewed by the OSTFB in August 1993. The proposed policy did make several changes in language to make it more up to date with current banking and investment practices. Substantially, the proposed policy was consistent with the current policy. It maintained the priority of objectives of safety, liquidity, and yield, which meant the foremost priority was to preserve the capital and cash and make sure that it was safely invested. Liquidity means that the cash would mature in investments at time that it as needed for expenditure by the City. The third priority was actual return on investment. In most recent history, the City's investment practice has been to almost wholly invest in local investment pool. The current return was about 1.674%. It was not his intent with the new policy to expand the City's current investment practices because the fixed rates are not returning much at this time. There were not a lot of other options that maintained the type of security that was available in the local government pool. It was a good idea to update the policy and to have it reflect a more current review by the OSTFB.

Mr. Swanson commented this came about when Councilor Lancaster asked about alternate ways to invest City funds. He and Mr. Taylor reviewed what would have been a program that would yield a higher return. The state does, in fact, look to safety and eliminates any risk in terms of local government investment. He and Mr. Taylor realized the policy had not been reviewed since 1993, and it should undergo a more frequent review. Although staff could not do what Councilor Lancaster asked, his suggestion uncovered a situation that had been neglected.

It was moved by Mayor Bernard and seconded by Councilor Barnes to approve the resolution adopting the City Investment Policy. Motion passed unanimously.

RESOLUTION NO. 35-2004:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING A CITY INVESTMENT POLICY

Approval of Disposition and Development Agreement for the North Main Mixed Use Site Redevelopment Project

Ms. Rouyer sought approval to allow the city manager to execute the development agreement between the City and the Main Street Partners, LLC for the North Main Project. Execution of this agreement would set the project in motion. On Friday, Mr. Kemper submitted all of the materials for development review to the planning department. The key components of the Disposition and Development Agreement (DDA) were the sale and conveyance terms for the property; a provision to protect the City from loss; project schedule and performance provisions; duties of the developer and developer conditions; City responsibilities including financing and constructing Harrison Street and Main Street public infrastructure improvements, permitting angled-parking on Main Street, assisting in reassigning the state loan to the developer; a developer security deposit; and building the project in a accordance with the plans as negotiated up to this point. The project will undergo a lot of scrutiny by the Planning Commission and DLC during the process.

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Mr. Colletta was available to answer any questions.

Councilor Lancaster asked if there were provisions that spoke to maintaining the project schedule.

Mr. Colletta referred to paragraph 4 on page 3 of the DDA.

It was moved by Mayor Bernard and seconded by Councilor Barnes to authorize the city manager to execute the Disposition and Development Agreement (DDA). Motion passed unanimously.

ADJOURNMENT

It was moved by Councilor Barnes seconded by Councilor Stone to adjourn the meeting. Motion passed unanimously.

Mayor Bernard adjourned the regular session at 7:50 p.m.

Pat DuVal, Recorder



To: Mayor Bernard and Milwaukie City Council
Through: Mike Swanson, City Manager
From: Larry R. Kanzler, Chief of Police
Date: October 14, 2004
Subject: **O.L.C.C. Application – Foxy’s – 11094 S.E. Main Street**

Action Requested:

It is respectfully requested the Council approve the O.L.C.C. Application To Obtain A Liquor License from Foxy’s – 11094 S.E. Main Street.

Background:

We have conducted a background investigation and find no reason to deny the request for liquor license.



To: Mayor and City Council

Through: Mike Swanson, City Manager
Alice Rouyer, Community Development Director

From: Kelly Somers, Public Works Operations Director

Subject: Public Works Operations Building Electrical, Voice and Data Components Purchase and Installation

Date: October 13, 2004 for November 2, 2004 Council Meeting

Action Requested

Authorize the City Manager to sign a purchase order to Dryer Electric, in the amount of \$51,532. This purchase order is for furnishing and installing all electrical, voice and data components in the new Public Works Operations building.

Background

City Council gave authorization on June 15, 2004 for a new Public Works Operations building to be constructed during the 2004/2005 fiscal year. This building will house the Public Works Operations personnel; this includes office area, work area, and a combination restroom/locker room facility for the crews. It also has a second floor for future office work area. The estimated cost of the building for this fiscal year is \$350,000. The City is acting as the general contractor on this project. This sub-bid from Dryer Electric is for the purchase and installation of the electrical, voice and data components in this building.

The City received three proposals. One was from Dryer Electric Inc. in the amount of \$51,532, one from Blessing Electric Inc. in the amount of \$66,788 and one from Rose City Electric Co., Inc. in the amount of \$80,789. Based upon the bid amount and past performance, staff chose to award the contract to Dryer Electric.

Concurrence

The City Manager, Director of Community Development, Director of Public Works Operations, and Operations Supervisors all concur with this proposal.

Fiscal Impact

This project is part of the overall project expected to total \$350,000 during the 2004/2005 fiscal year. The project is included in the 2004/2005 adopted budget.

Work Load Impacts

This project is included in the Facilities Department's work program for this fiscal year.

Alternatives

1. Approve as presented.
2. Approve with modifications.
3. Deny request.



To: Mayor and City Council

Through: Mike Swanson, City Manager
Alice Rouyer, Community Development Director

From: Kelly Somers, Public Works Operations Director

Subject: Public Works Operations Building Gypsum Board Purchase and Installation

Date: October 13, 2004 for November 2, 2004 Council Meeting

Action Requested

Authorize the City Manager to sign a purchase order to INDO Partitions Inc., in the amount of \$31,252. This purchase order is for furnishing and installing all gypsum board, suspended ceiling systems, access panels and acoustic insulation for the new Public Works Operations building.

Background

City Council gave authorization on June 15, 2004 for a new Public Works Operations building to be constructed during the 2004/2005 fiscal year. This building will house the Public Works Operations personnel; this includes office area, work area, and a combination restroom/locker room facility for the crews. It also has a second floor for future office work area. The estimated cost of the building for this fiscal year is \$350,000. The City is acting as the general contractor on this project. This sub-bid from Indo Partitions Inc. is for the purchase and installation of all gypsum board, suspended ceiling systems, access panels and acoustic insulation in this building.

The City received two proposals. One was from CSI Interior Contractors in the amount of \$58,941 and one was from INDO Partitions, Inc. in the amount of \$31,262. Based upon the bid amount and reference checks, staff chose to award the contract to INDO Partitions, Inc.

Concurrence

The City Manager, Director of Community Development, Director of Public Works Operations, and Operations Supervisors all concur with this proposal.

Fiscal Impact

This project is part of the overall project expected to total \$350,000 during the 2004/2005 fiscal year. The project is included in the 2004/2005 adopted budget.

Work Load Impacts

This project is included in the Facilities Department's work program for this fiscal year.

Alternatives

1. Approve as presented.
2. Approve with modifications.
3. Deny request.



To: Mayor and City Council

Through: Mike Swanson, City Manager
Alice Rouyer, Community Development and Public Works Director

From: Jeffrey King, Project Manager

Subject: Economic Development Services Contract Award

Date: Monday, October 18th for November 2nd Council meeting

Action Requested

Authorize the City Manager to sign a contract for economic development services with Otak, Inc. in the amount of \$29,000.00.

Background

Over the past ten months, staff, with direction from Council, has implemented several economic development projects. These tasks have been funded mostly by a \$25,000 grant from the Mount Hood Economic Alliance (MHEA). Work included an economic development flier, business outreach efforts, planning and feasibility study for an industrial parcel on Lake/Harmony Road and creation of a short-term Milwaukie Economic Development Advisory Committee.

Staff recently advertised a Request For Proposals (RFP) to complete the remainder of economic development tasks identified in the grant program. The RFP addressed the following work items:

- Creation of a profile of available commercial and industrial sites for posting on website.
- Administer a survey to Milwaukie businesses. Prepare a report on results.
- Develop content for an economic development section on the City's website.

- Complete a re-use assessment of an industrial site in the North Milwaukie Industrial Area. Prepare a template to be used as a model for re-use assessment of similar sites in the North Milwaukie Industrial area.

The City received six proposals. The proposals were evaluated on four criteria: experience and qualifications of the firm, qualifications of the project team, project understanding and approach, and cost. The selection committee using a point system of 100 points selected Otak, Inc. The RFP capped the fee amount at \$29,000 and sought the contractor that could provide the greatest amount of and highest quality services. The contractors who bid were:

Contractor

Chabin Concepts
Otak, Inc.
Elesco Ltd
Barney & Worth
Anderson Management
Group Mackenzie

The key points that led to the selection of Otak Inc. included:

- Offered the most project hours.
- Project team had direct experience with project tasks.
- Significant experience with re-use strategies and techniques for older, commercial facilities.
- Strong familiarity with City of Milwaukie local economic issues. Otak completed the adaptive re-use of a former Pendleton factory for ODS. They also prepared the 2003 North Industrial Land Use Study (NILUS)

Concurrence

The selection committee coordinated with the Community Development Department on this project.

Fiscal Impact

The total cost for this project is \$29,000.00. Of this amount \$19,900 will be paid by an economic development grant from the Mount Hood Economic Alliance. The remaining \$9,100.00 will come from the City economic development budget.

Work Load Impacts

This project is included in the Community Development Project Manager work plan for this fiscal year.

Alternatives

1. Authorize the City Manager to approve the personal services contract.
2. Elect to defer the project to a later date.
3. Take no action.



To: Mayor and City Council

Through: Mike Swanson, City Manager

From: Paul Shirey, Engineering Director

Subject: Continuation of Public Hearing on Changes to System Development Charges (SDCs) for Transportation

Date: October 18, 2004 for November 2, 2004 City Council Meeting

Action Requested

The Council is requested to continue the public hearing from October 5, 2004 regarding the Final Report for the Transportation System Development Charges Rate Study and Methodology (attached), for the purpose of establishing system development charges for transportation improvement projects. As outlined in the original resolution, the Council is requested to adopt the capital improvement project plan; the amount of the SDC charges; and the methodology used to set the amount of the SDCs. The purpose for the continuance was to add another 30 days notice for the public to review the new methodology (published September 3, 2004).

Background

On October 5, 2004, Council recommended that staff contact the Portland Metropolitan Area Homebuilders Association (HBA) to alert them to the proposed changes in Milwaukie's SDC program. Kelly Ross, Director of Governmental Affairs for the HBA requested a copy of the report and methodology and commented that the relatively small change in the rate would most likely not be a concern to the HBA. Mr. Ross will be out of town until next week and agreed to review the documents and let staff know if there are concerns for the HBA prior to the November 2 hearing.

No other comments or communication regarding the proposed changes have been received to date.



To: Mayor and City Council

Through: Mike Swanson, City Manager
Alice Rouyer, Community Development and Public Works Director

From: Paul Shirey, Engineering Director
Brion Barnett, Civil Engineer

Subject: Recommended Changes to System Development Charges for Transportation.

Date: September 9, 2004, for October 5, 2004 City Council Meeting

Action Requested

Adopt the attached Final Report for the Transportation System Development Charges Rate Study and Methodology (Attachment A), for the purpose of establishing system development charges for transportation improvement projects. In particular, the Council is adopting the capital improvement project plan, the amount of the charges, and the methodology used to set the amount of the charges.

Staff recommends opening the hearing on this matter on October 5, considering testimony of staff, the consultant, and the public. The public hearing would be continued to the regular Council meeting on November 2, at which time Council could entertain further testimony and then vote on the recommendation. The continuance will add another 30 days notice for the public to review the new methodology (published September 3, 2004).

Background

System Development Charges (SDC) are one-time fees paid by new development (and redevelopment) to pay governments for capital costs of public facilities that are needed to serve new development and the people who occupy or use new development. SDCs are a means for development to pay for the impacts it creates and to ensure that facilities needed to support new development are built within a reasonable time frame without decreasing the level of service for existing residents of a community.

The City's existing transportation SDC rates and methodology were adopted by resolution in 1998. Periodic evaluation of the rates and methodology is necessary because the SDCs are primarily tied to growth and development within the City. The City contracted with a consultant, Henderson Young & Company, to evaluate the City's existing Transportation SDC rates and methodology to determine whether any changes are needed.

A. Existing Program

The existing SDC program includes every proposed street capital improvement in the Transportation System Plan (TSP). Many of these projects are either outdated, no longer needed, or have been completed. The current methodology results in all city street projects being allocated a 17% share of total cost eligible for SDC funding. There is no indication of why projects were selected and it does not include an adjustment, commonly applied in this type of SDC, for so-called "pass-by" trips. The current program only assesses new development for an improvement fee and does not include a reimbursement fee (see attached Rate Study, Exhibit A).

As a result of these types of shortcomings in the existing program, the City is: a) collecting less SDC revenue than it would otherwise be entitled to; and b) unable to tap SDC revenue for street projects unless 83% of the total cost is available from other sources. This has meant that Milwaukie's SDC for transportation is not able to meet its intended purpose of providing additional street capacity to accommodate growth.

B. Proposed Program

Establishing qualifying criteria for SDC eligibility is the first step in the new methodology. The proposed program includes minimum qualifications and a set of qualifying criteria. Minimum qualifications are that the project cannot be for maintenance (SDCs can only be used to provide new capacity), cannot be used for equipment or rolling stock, and must include a component that adds capacity to the transportation system. Projects can provide capacity in one or more modes of travel: streets, transit, bicycle, pedestrian and combined bike/pedestrian.

If a project meets these basic qualifications, it must also *enhance mobility* (five ways to do this described in Attachment A, page 8) and/or *reduce congestion* (four ways to do this described in Attachment A, page 8). Projects that meet these criteria are considered to be eligible for SDC funding because they add new capacity to the transportation system by enhancing the movement of automobiles, trucks, buses, railcars, and/or pedestrians. See Table 3-1 on pages 10-11 of Attachment A for a complete list of SDC-eligible capital projects developed by staff.

Calculating transportation SDCs for the new program involves the following steps.

1. Identify capital improvement projects that are needed to serve new development.
2. Determine the portion of the cost of the project that is not eligible for the SDC (because it is paid by other revenues to cover costs such as existing deficiencies or through traffic).
3. Use a traffic model to forecast the number of new trips that will be generated.
4. Calculate the cost per new trip by dividing the costs that are eligible for SDCs (from steps 1 and 2, above) by the number of new trips (from step 3).
5. Quantify the impacts of various types of new development by calculating the number of new trips that are generated by various types of land use. The trip generation data is adjusted to account for the number of trips that are part of another trip (i.e., stopping at a store on the way home from work).
6. Calculate the SDC rate for each type of land use: multiply the cost per new trip (from step 4) times the number of trips (from step 5).

C. Results of New Program Methodology

Six projects are eligible for reimbursement fee SDCs, totaling \$465,893. Because the reimbursement fee is, in effect, paying the City back for capacity built into projects already constructed, the funds may be applied toward any future street capital project.

Twenty-two projects are eligible for improvement fee SDCs totaling \$9,736,302. As the City collects new SDC revenues, those funds will be applied to this set of improvement projects. In all cases, SDC revenue requires a match of other revenue to fully fund the project since none of the eligible projects are considered 100% “new capacity” projects.

The SDC rates for the new program are somewhat higher than the current rates. This is strictly a function of the number of projects and the proportionate cost attributable to new capacity. The old program has many more projects, but only 17% of the cost of all the projects is capacity enhancing. For example, the new program cost per trip is \$1,512 compared to the current cost of \$1,340. Under the proposed program, a new single-family home is \$1,481 compared to \$1,340

under the current program. The new SDC charge for a 50,000-square-foot light industrial building is \$74,050 versus \$67,000 under the current program.

Concurrence

The Community Development, Planning, and Engineering Departments, along with City's legal counsel, all support adopting the resolution. Staff and the consultant presented the proposed methodology and rates to the Citizens Utility Advisory Board (CUAB) at their regular meeting held September 8, 2004. The CUAB unanimously endorsed/approved the proposed SDC methodology and rates. Public notice of the proposed amendments to transportation SDC methodology and rates was made on August 20, 2004. The proposed methodology and rates were made available to the public on September 3, 2004. To date, City staff has not received any public comments.

Fiscal Impact

The existing transportation SDC fund balance is \$644,733. With the new proposed methodology, the City would be able to recoup approximately \$466,000 for projects previously constructed (reimbursement fee projects).

The existing transportation SDC for a single-family, detached house is approximately \$1,340. The SDC for this same use would be approximately \$1,481 (a 10.5% increase) with the new methodology. The increased fees would be borne by new development only. The SDC is a one-time payment due at the issuance of a building permit.

Work Load Impacts

None.

Alternatives

The Council has the following alternatives:

- Adopt the resolution (Attachment A).
- Adopted a modified version of the resolution.
- Don't adopt the resolution.

Attachment

- A. Resolution (including the Transportation SDC Rate Study and Methodology Final Report)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING NEW SYSTEM DEVELOPMENT CHARGES FOR TRANSPORTATION IMPROVEMENTS, AS AUTHORIZED BY MMC CHAPTER 13.28.

WHEREAS, MMC Chapter 13.28 authorizes the City of Milwaukie to establish system development charges for capital improvements, and Section 13.28.030.A defines “capital improvements” to mean facilities or assets used for transportation; and

WHEREAS, MMC Section 13.28.040.B requires that system development charges be established by a resolution that sets the amount of the charge, the type of the permit to which the charge applies, and the methodology used to set the amount of the charge; and,

WHEREAS, MMC 13.28.080 requires the city to adopt a project plan for the system development charges listing capital improvements that may be funded by the system development charges and the estimated costs and time of construction for each improvement; and

WHEREAS, the City has previously adopted and has in place a Transportation System Development Charge (“SDC”); and

WHEREAS, changes in transportation planning and development make it advisable to update the Transportation SDC methodology; and

WHEREAS, no person has requested notice of changes in the City’s SDCs or SDC methodology; and

WHEREAS, the methodology was available to the public on September 3, 2004, at least 60 days prior to the public hearing; and

WHEREAS, the City Council held a public hearing on the proposed SDCs and methodology on October 5, 2004, after publishing notice of the hearing in the Clackamas Review on August 25, 2004; and

WHEREAS, Henderson, Young & Company has prepared a Transportation System Development Charges Rate Study and Methodology Final Report (“Final Report”) intended to satisfy the code requirements for establishing system development charges and attached as Exhibit 1 to this resolution; and

WHEREAS, the Final Report includes the required capital improvement project plan as required by MMC 13.28.080, the amount of the charge as required by MMC

13.28.040.B, and the methodology used to set the amount of the charge as required by MMC 13.28.040.B and 13.28.050;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Milwaukie:

Section 1: The Council adopts the Final Report by Henderson, Young & Company of the Transportation System Development Charges Rate Study and Methodology, dated August 30, 2004 (Exhibit 1), for the purpose of establishing system development charges for transportation improvement projects. In particular, the Council is adopting the capital improvement project plan, the amount of the charges, and the methodology used to set the amount of the charges, included in the Final Report, as required by the provisions of MMC 13.28.

Section 2: Transportation system development charges will be payable upon the issuance of a building permit or the issuance of a development permit for development not requiring the issuance of a building permit.

Section 3: The resolution takes effect upon adoption.

Introduced and adopted by the City Council of the City of Milwaukie, Oregon on October 5, 2004.

James Bernard, Mayor

APPROVED AS TO FORM:
Ramis Crew Corrigan & Bachrach, LLP

ATTEST:

By: _____
City Attorney

_____ Pat DuVal, City Recorder

G:\muni\Milwaukie\transportation SDC res.doc



To: Mayor and City Council

Through: Mike Swanson, City Manager
Alice Rouyer, Community Development & Public Works Director

From: Jeffrey King, Project Manager

Subject: Letters of Support for 2006-2009 MTIP Projects

Date: October 18, 2004 for November 2, 2004 Council meeting

Action Requested

To authorize the Mayor to sign letters of support for Metro Transportation Improvement Projects (MTIP) complimentary and beneficial to Milwaukie.

Background

On June 30, 2004 Metro received applications under the Transportation Priorities 2006-2009 Program more commonly know as MTIP. Approximately 59 projects were submitted in 12 different transportation categories. Two of the projects, the Milwaukie Lake Road Multi-Modal Improvement Project and the Downtown Milwaukie Pedestrian and Streetscape Improvements Project were submitted under this program. These projects have made it through the first round of reviews and are on the "150%" of funding list.

Beginning October 15, 2004 and ending December 6, 2004, Metro has established a public comment period for these projects. Public comment and support methods include three public comment meetings, phone messages, written letters, e-mails and faxes.

In addition to the City of Milwaukie Lake Road Multi-Modal Improvement Project and the Downtown Pedestrian and Streetscape Improvements Project, there are also several other projects that could be beneficial or are complementary to our transportation goals and efforts in the City or Milwaukie region. Support for these projects will help funding consideration. In addition, lending support to these projects could encourage support

from other intergovernmental partners for the Milwaukie Lake Road improvements. These seven projects are:

- **Metro Transit-Oriented Development (TOD) Urban Center Program.** Sponsor: Metro. This program extends a grant fund which helps stimulate the construction of compact, mixed use developments of housing, retail and jobs and other joint-development projects through public-private partnerships in areas served by bus routes. This program will provide a \$300,000 grant to the North Main Redevelopment Project using existing funds.
- **Milwaukie Light Rail Transit Supplemental EIS.** Sponsor: Metro. The project funds environmental and design work for LRT from Portland central city to Milwaukie town center. It will update an existing supplemental draft environmental impact statement to complete the required national Environmental Protection Act process.
- **Trolley Trail: Arista to Glen Echo.** Sponsor: North Clackamas Parks and Recreation District. This project is important for maintaining and improving the livability within the Milwaukie Area. The 6-mile Trolley Trail is a multi-use path that follows an abandoned streetcar right of way between Gladstone and Milwaukie. This \$1.65 million project completes the final four segments from Southeast Arista Drive to Glen Echo Avenue.
- **Sellwood Bridge Replacement.** Sponsor: Multnomah County. This project funds the type, size and location planning process for replacement of the existing Sellwood Bridge, as well as the preliminary environmental analysis for that work.
- **Clackamas County ITS.** Sponsor: Clackamas County. This pilot project will benefit three Milwaukie railway crossings at Harrison Street, Oak Street, and 37th Avenue. It focuses on coordinating and improving operations of both vehicle and train traffic at four surface street train crossings. A train detection system will be deployed and integrate the train movement information into the emergency management center and transportation management center. It could also be linked to fire and police stations and transit management centers.
- **South Metro Amtrak.** Sponsor: Oregon City. This project will improve access to the Eugene-Seattle train and future access to the California-British Columbia train. It includes constructing a 46-space parking lot and relocating the old Oregon City Southern Pacific railroad freight station to the site. The project will give Milwaukie access to a nearby transportation alternative and provide access to other regions and states.
- **Multi-Use Master Plans: Lake Oswego to Milwaukie, Sullivan's Gulch, Tonquin Trail, Mt Scott Scouter's Loop Trail.** Sponsor: Metro. This project funds a series of master plans for planned multi-use paths in the region. The Lake Oswego to Milwaukie plan would study a river crossing between these two cities, possibly using an existing railroad bridge.
- **SW Boones Ferry Road at Lanewood Street.** Sponsor: Lake Oswego. This project constructs multiple improvements at the intersection of SW Boones Ferry Road and Lanewood Street in Lake Oswego.

Concurrence

Community Development, Planning and Engineering support sending these projects to Council for their review.

Fiscal Impact

No fiscal impact.

Work Load Impacts

This phase of MTIP coordination includes drafting support letters and requesting residents to support Milwaukie projects. This is part of existing Community Development staff workplan.

Alternatives

- Authorize the Mayor to sign the letters of support for projects.
- Approve to support some projects and not others proposed in the memo.
- Decline to offer letters of support.

Attachments

1. City of Milwaukie MTIP projects letter of support.
2. MTIP projects beneficial to Milwaukie letter of support.

ATTACHMENT 1

November 2, 2004

Mr. Ted Leybold
Metro Planning Department
600 NE Grand Avenue
Portland, OR 97232

Dear Mr. Leybold,

Please accept this letter from the City of Milwaukie as formal comment on our highest transportation priorities for the Metro Transportation Improvement Program (MTIP) 2006-2009 150% list. The top priorities for the City of Milwaukie are the Lake Road Multi-Modal Improvements Project and the Downtown Pedestrian and Streetscapes Improvement Project. These projects are vital to the improved mobility, town center redevelopment and more efficient transportation in Milwaukie.

Lake Road is an important connection for downtown Milwaukie to the Clackamas Regional Center, Oatfield Road and the Oak Grove area, and the International Way Industrial Park. This road currently has gaps in sidewalks, bike lanes, and pavement quality. Because of these problems, it is also a safety hazard for all modes. Improvements would increase safety, allow for greater usage for all modes and greatly improve the transportation experience. Project elements call for sidewalks, curbs, bike lanes, turn and median lanes in needed locations, paving, planter strips and trees. This application covers improvements from 21st Avenue to Kuehn Road. The project has been a top priority of the City for a number of years. A Lake Road Multi-Modal Plan, completed in 1997, documented the needs and challenges of this route. It has deteriorated further since.

The Downtown Pedestrian and Streetscapes Improvement Project is a key element in the redevelopment of the Town Center. The project scope includes new sidewalks, curbs, lighting, ADA ramps, scored intersection crossing, bulb-outs, urban street trees, and streetscape furniture. The Downtown Pedestrian and Streetscapes Improvement Project supports several important goals. It will address current pedestrian and other multi-modal safety deficiencies; it will enhance the pedestrian experience and increase mobility; and it will help support further private investment in the downtown. Uniquely, the project will make a connection between two planned multi-modal and streetscape projects. The Boulevard Improvements Project on McLoughlin Highway and the North Main Mixed Use Redevelopment Project are both slated for construction in 2005 . They account for \$18 million in new investment in the Town Center. The MTIP project would allow for continuous access from a future Willamette Riverfront Park to downtown businesses, parks and municipal services.

On behalf of the City of Milwaukie, I respectfully request that Metro fund these critically important projects within the MTIP.

Thank you for your consideration of our request.

Sincerely,

James Bernard
Mayor

cc: David Bragdon, Metro President
Brian Newman, Metro Councilor
Rod Park, Metro Councilor
Rod Monroe, Metro Councilor

ATTACHMENT 2

November 2, 2004

Mr. Ted Leybold
Metro Planning Department
600 NE Grand Avenue
Portland, OR 97232

Dear Mr. Leybold,

Please accept this letter from the City of Milwaukie as formal comment on our transportation priorities for the Metro Transportation Improvement Program (MTIP) 2006-2009 150% list. Several projects on this list are beneficial and complimentary to an efficient transportation system in the Milwaukie area.

We ask that you fund the following projects that contribute needed transportation improvements to the City of Milwaukie and Clackamas County area:

Trolley Trail: Arista to Glen Echo. This project is important for maintaining and improving the livability within the Milwaukie Area. The 6-mile Trolley Trail is a multi-use path that follows an abandoned streetcar right of way between Gladstone and Milwaukie. This \$1.65 million project completes the final four segments from Southeast Arista Drive to Glen Echo Avenue.

Sellwood Bridge Replacement. This bridge is an important link for Milwaukie businesses and workers. This project funds the type, size and location planning process for replacement of the existing Sellwood Bridge, as well as the preliminary environmental analysis for that work.

Metro Transit-Oriented Development (TOD) Urban Center Program. This program is an important component in supporting development of the Milwaukie town center including the North Main Mixed Use project. This program extends a grant fund which helps stimulate the construction of compact, mixed use developments of housing, retail and jobs and other joint-development projects through public-private partnerships in Metro's 2040 mixed-use areas served by high-frequency bus routes.

Milwaukie Light Rail Transit Supplemental EIS. This project produces required environmental planning to enable light rail to serve Milwaukie. It funds environmental and design work for LRT from Portland central city to Milwaukie town center to update existing supplemental draft environmental impact statement to complete the national Environmental Protection Act process.

Clackamas County ITS. This project will enhance three railway crossings in Milwaukie at Harrison Street, Oak Street and 37th Avenue.

This pilot project focuses on coordinating and improving operations of both vehicle and train traffic at four surface street train crossings. A train detection system will be

deployed and integrate the train movement information into the emergency management center and transportation management center. It could also be linked to fire and police stations and transit management centers.

South Metro Amtrak. This project will give Milwaukie access to a nearby transportation alternative and provide access to other regions and states.

The project will improve access to the Eugene-Seattle train and future access to the California-British Columbia train. It includes constructing a 46-space parking lot and relocating the old Oregon City Southern Pacific railroad freight station to the site.

Multi-Use Master Plans: Lake Oswego to Milwaukie, Sullivans Gulch, Tonquin Trail, Mt Scott Scouter's Loop Trail. This project will support the livability of Milwaukie town center by providing alternate modes of recreation and commuter trails to Lake Oswego and the west side. This project funds a series of master plans for planned multi-use paths in the region. The Lake Oswego to Milwaukie plan would study a river crossing between these two cities, possibly using an existing railroad bridge.

SW Boones Ferry Road at Lanewood Street. This project makes multiple improvements at the intersection of SW Boones Ferry Road and Lanewood Street in Lake Oswego.

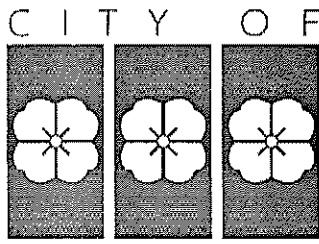
On behalf of the City of Milwaukie, I respectfully request that Metro fund these important projects within the MTIP.

Thank you for your consideration of our request.

Sincerely,

James Bernard
Mayor

cc: David Bragdon, Metro President
Brian Newman, Metro Councilor
Rod Park, Metro Councilor
Rod Monroe, Metro Councilor
Martha Schrader, Clackamas County Commissioner
Bill Kennemer, Clackamas County Commissioner
Larry Sowa, Clackamas County Commissioner
Alice Norris, Mayor, Oregon City
Vera Katz, Mayor, Portland
Judie Hammerstad, Mayor, Lake Oswego
Laurel Wentworth, City of Portland Transportation Planning
Karen Schilling, Multnomah County Transportation & Planning
Charles Ciecko, Director, North Clackamas Parks & Recreation District
Nancy Kraushaar, City Engineer, City of Oregon City



MILWAUKIE

Ledding Library Board

September minutes

September 27, 2004

6:30 PM

Ledding Library

DRAFT

Meeting called by: Tom Hogan

Attendees: Attendees: Mark Docken, Pat Healy, Tom Hogan, and Ed Zumwalt.

Absent: Pat Lent, Sue Trotter, Michael Welling

Staff: Cynthia Sturgis

Guests: Tom Kemper, Alice Rouyer, Jeff King

Agenda topics

Approval of minutes

Minutes approved as written.

North Main Project

Tom Kemper presented the latest drawings for the N. Main Project. There will be a design review next month, and construction could begin in May or June, 2005. Alice reported that a traffic study recommends a pedestrian island for the Harrison/21st Avenue crossing. The final report will be presented in October. The Board voiced support for the changes that have been recommended, and Ed Zumwalt will be the Board representative at the Planning Commission hearing.

Cynthia requested the Board reschedule the December meeting to the 3rd Monday of the month (Dec. 20) rather than Dec. 27. This change was approved.

Librarian report

The application for the Ready to Read Grant was submitted September 1. Grant projects include enlarging the Spanish/Russian collections in the children's library and additions to the preschool collection, concentrating on book/audio kits.

Representatives from all of the network libraries have attended demonstrations of several library computer systems. The network plan is to replace the present system with an all Windows based system. The Dynix system that is presently used is no longer supported and has reached maximum capacity. If the levy passes, costs will be built into the network's budget for the next fiscal year. If the levy does not pass, the vendors have agreed to provide a multi-year finance arrangement.

Circulation continues to rise. August increased by 16%. Mark Docken reported that he has persuaded neighboring libraries that are closed on Mondays to post Ledding Library's hours so that their patrons can have library access on Mondays.

Library Levy

Tom reported that the proposed library levy was approved by the County Commissioners at their meeting on August 26th. Also, OLOC has ordered lawn signs, flyers and placards. There will be 14 supporting statements in the voter's pamphlet - 2 from Milwaukie.

Cynthia reported that public information brochures about the levy will be sent out with the city's water bills. Also, the County will mail copies to all households in Clackamas County.

Foundation

The Board agreed to postpone discussion about foundation plans until January.

**North Clackamas Parks and Recreation District
Milwaukie Center/Community Advisory Board
Minutes of August 13, 2004**

Members present: Kim Buchholz, Chuck Petersen, Abi Croisant, Eleanor Johnson, Joan Newman, Sharon Phillips, Molly Hanthorn

Members Excused: Katie Rudfelt, Joan Staley, Jane Hanno, Ben Tabler, Jim McCready

Guest Present: Kathi Schroeder, Florence Petersen, Susan Pollan, Dick Shook

Staff Present: Joan Young, Roy Wall, Cheryl Nally, Thom Kaffun, Charlie Ciecko

Call to Order: Kim called the meeting to order at 10 am. Eleanor Johnson moved to approve the minutes as corrected. Joan Newman seconded and the minutes of July were approved unanimously.

Special Topic/Discussion: Charlie presented the Conceptual Plan for sports fields to be built at North Clackamas Park. He reviewed the history, demographics and gave a tentative time line for completion of September 06. After questions and comments from the board members, it was decided to study the issue further and give the absent members a chance to participate. A special meeting of the C/CAB will be held at the Center on August 27 at 10 am to make an advisory recommendation to the Parks Board.

Correspondence: Joan presented an invitation to Board members for the Art Guild's reception opening this year's Fine Arts Show, September 17, from 6-9 pm at the Center.

Action Item: Eleanor moved and Joan N. seconded a motion to elect Kathi Schroeder to Position #1 as a Milwaukie Representative on the C/CAB. The motion passed unanimously and will be referred to the city of Milwaukie City Council for approval.

Board/Committee Reports

Executive Committee: Did not meet.

NCPRD Board: Eleanor reported on the public meeting concerning the plan for North Clackamas Park.

Aquatic Park Task Force: Molly reported that the public meeting was well attended and the small group format produced many suggestions and questions.

Budget & Finance: Joan reported for Jim. The 03-04 books are now closed and we appear to have met our budget goals.

Programs and Services: Molly reported on some staff changes. Movies in the Park are coming up. Strategic planning meetings are being held with public and private community partners. Cheryl shared some year end program stats and that we will be receiving 50 emergency kits from Red Cross to go to the most needful MOW clients. Sandy G. reported on travel activities.

Nutrition & Transportation: Joan shared a comparative study she has done on Nutrition Program options. It appears that the current Milwaukie Center Program is the most cost-efficient method of providing services to our clients at this time.

Building Review: Eleanor reported on “sluggish” sliding doors, the roof, signage and the upcoming Safety Day which will be October 13 from 10 am-1 pm.

Friends of the Milwaukie Center: Eleanor reported that the golf tournament was successful in spite of the rain. We desperately need volunteers for Bingo.

Center Report: Joan Y invited all to attend the Milwaukie City Council meeting on August 17 at 6:30 pm. Janet Witter will be honored for her long service to the city and the Center. There will be no regular meeting in September.

Meeting adjourned at 12 noon.

m. hanthorn, secretary

**North Clackamas Parks and Recreation District
Milwaukie Center/Community Advisory Board
Special Meeting
Friday, August 27, 2004**

Members present: Jim McCready, Ben Tabler, Katie Rudfelt, Joan Newman, Sharon Phillips, Eleanor Johnson, Jane Hanno, Kim Buchholz, Kathi Schroeder, Molly Hanthorn

Board members excused: Abi Croisant, Chuck Petersen, Joan Staley

Guest present: Jim McBee

Staff Present: Joan Young, Charlie Ciecko, Thom Kaffun, Rachel Teige

Call to Order: Kim called the meeting to order at 10 am. He stated the purpose of the meeting was to discuss the proposed changes to North Clackamas Park and to make a recommendation to the District Advisory Board.

Eleanor shared a letter the Friends had written to the District Board and also a letter from the Rose Garden Committee. The Friends remained neutral but listed some concerns to be considered and the Rose Garden group also raised concerns about the impact of traffic, noise and privacy for events such as wedding and concerts.

Joan Y. shared a list of issues she compiled from staff, volunteers and clients. The C/CAB then listed their concerns and a discussion ensued. Charlie and Thom were able to answer questions and make sure the group was dealing with facts.

Kim read a letter from Chuck Petersen expressing his concerns and position.

Ben moved to approve the preliminary concept with a list of recommendations for further study or mitigation. Kathi seconded the motion. Motion passed with 8 yeas, 0 nos and 3 abstentions.

A second motion made by Ben and seconded by Jim approved the list of recommendations to be attached to the letter from the C/CAB to the District Board. Motion passed with 7 yeas, 0 nos and 2 abstentions.

The list of suggestions and letter from Chuck Petersen shall be an addendum to these minutes.

Meeting adjourned at 11:15 am.

m. hanthorn, secretary

North Clackamas Parks and Recreation District
MILWAUKIE CENTER DIVISION
Monthly Report for August 2004

Programs & Services:

Fall Term registration for over 30 classes is in full swing at the Milwaukie Center. On top of Arts and Crafts, Fitness, Computers, Language and Writing classes, the Milwaukie Center offers several dance classes. A new Beginning Line Dance teacher will start with us in September. DeeDee O'Brien brings with her a wealth of experience in Line Dancing. Classes will start the week of September 27.

During the month of August, over 75 volunteers covered 14 Meals on Wheels routes that are sent out Monday through Friday to an average of 15 homebound clients per route – one example of the truly amazing volunteer service that happens at the Center!

Travel Program volunteers orchestrated a successful trip to the Maiden Foundry and Historic Philip Foster Farm in August, as well as signing up a number of folks for two popular vendor-run trips for the month. Sept. 1, program volunteer Lois Tippie will repeat a popular Covered Bridge Tour of over 15 bridges that was a sellout earlier this summer.

Fund-raising:

The Nutrition Program held a successful Ice Cream Social with around 140 community folks enjoying banana split sundae creations while supporting Meals on Wheels.

The Friends co-hosted a Golf Tournament with the RiverBend Youth Center and The Children's Course on August 6th. Many golfers turned out for a fun day of golfing, a putting contest and BBQ, in spite of rain. Due to hard work of committee members, there were many sponsors to help make the event a success, with the major sponsorship from Willamette View, Inc.

Staff News:

Congratulations to Marty Hanley, Transportation Coordinator – Marty, his wife Jude, and 3 year old Bridget, welcomed newborn Mary Emma to the family on August 15!

Coming up – September is a BIG MONTH!

Maintenance Closure Week – Sept 6 -10 the Center will be closed to the public to address annual facility maintenance needs.

Scents and Sounds on Sundays in September Concert Series – in beautiful Sara Hite Memorial Rose Garden, Sept 12 (Dixieland Party Jazz), Sept 19 (Chuck Karsun Big Band), Sept 26 (Big Mountain Brass Band) – 2 pm, rain or shine! Sponsored in part by Providence Milwaukie Hospital.

North Clackamas Arts Guild Art Exhibit and Sale – Fri, Sept 17, 6 - 9 pm, Sat & Sun, Sept 18 & 19, 11 am – 4 pm.

Lumberjack Breakfast – back by popular demand, the Friends of the Milwaukie Center bring this hearty community breakfast on Sat, Sept 25, 8 -11 am. The event is sponsored by Willamette View, Inc. North Clackamas Sunrise Rotary will be splitting and cutting firewood for the emergency firewood program.

North Clackamas Parks and Recreation District
MILWAUKIE CENTER DIVISION
Monthly Report for September, 2004

Programs/Services

Annual Maintenance Closure Week was very busy with 3 Heating/Ventilation/Air Conditioning Units installed, wood floor refinishing, and a lot of organizing, cleaning and painting.

North Clackamas Arts Guild's 11th Annual Art Exhibit and Sale featured 325 two-dimensional entries from local artists and individual artist vendor tables. The event was well-attended throughout the weekend. North Clackamas Parks and Recreation District sponsors North Clackamas Art Guild.

The first monthly Big Band Dance started out on a perfect note! Thirty people joined us the last Sunday of the month to enjoy the fantastic sounds of the Brad Davis' Kansas City Rhythm Kings Band. As people were leaving the dance, the predominate conversation was "We have to let people know about this"!

Hot and Cold Buffet tables, acquired through a Meyer Memorial Trust grant, have arrived at the Center. The Nutrition Program will soon use the tables with the congregate on-site dining service to assist volunteer serving groups and also to provide participants greater food options.

Over two dozen classes started at the Milwaukie Center the last week of September, with healthy enrollments and minimal class cancellations. The fall class season started with new teachers for Ballroom & Pattern Dance and Beginning Line Dancing.

The Travel Program is now advertising their day and overnight trips through Willamette View Manor, a large retirement living facility in Milwaukie. During September, volunteers with the Travel Program held a well-attended slide show presentation on Ireland and the Panama Canal from Collette Travel, and planned and completed trips to the Oregon Zoo for senior day and an Oregon wine-tasting tour.

The Friends of the Milwaukie Center held their September Scents and Sounds Concerts series in the Sara Hite Memorial Rose Garden. The Dixieland Party Jazz Band played on the 12th and Five Mountain Brass Quintet on the 26th. (The concert scheduled for the 19th was cancelled due to poor weather). A big thank you to co-sponsor, Providence Milwaukie Hospital.

The Friends brought back the famous Lumberjack Breakfast on September 25. Willamette View, Inc. generously sponsored the all-you-can-eat pancake breakfast, feeding around 150 community folks. A wood cutting party benefitting the Center's Emergency Firewood Program was coordinated by North Clackamas Sunrise Rotary, splitting and stacking several cords of wood. The weekend prior, Clackamas Sunrisers Kiwanis Club held a wood cutting party to kick off the Emergency Firewood Program for the season.

A Pizza Schmizza Fund-raiser on Sept 26 will provide the Center's Nutrition Program with 50% of the net proceeds from coupons used that day, with the total amount earned still pending.

Coming up:

Sat, Oct 16 **Bridge Tournament**, sponsored by the Friends of the Milwaukie Center, Inc.

Fri & Sat Oct 22 & 23 Annual "**Best in the West**" **Bazaar**, featuring over 40 vendor tables, giant bake sale and deli snack bar.

Sat, Oct 30 **Fall Garden Day**, sponsored by Clackamas County Master Gardeners

Sun, Oct 31 **Big Band Dance** with Brad Davis' Kansas City Rhythm Kings...come in costume!