

**MILWAUKIE CITY COUNCIL WORK SESSION  
DECEMBER 7, 2004**

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

Present: Councilors Barnes, Lancaster, Loomis and Stone.

Staff Present: City Manager Mike Swanson, Finance Director Stewart Taylor, City Attorney Gary Firestone, Community Development/Public Works Director Alice Rouyer, and Engineering Director Paul Shirey.

Sewer Extension Strategy

**Ms. Rouyer** indicated Milwaukie's Urban Growth Boundary (UGB) and discussed the Urban Growth Management Agreement (UGMA) with Clackamas County. The agreement designated dual interest areas A and B that were identified as first priority annexations. Clackamas County made it clear that it had nothing in its capital improvement plan (CIP) to extend service into the Linwood area where some properties were still on septic. As those systems fail, there will be mounting pressure to extend service into that area. The question was what would Milwaukie do to bring that area in. Not a lot has been done in terms of planning to serve that area since the early 1990's because, she understood, things blew up politically.

This would be a difficult area to annex because of socio-economic and sewer basin issues. The first strategy was to make a political commitment by annexing the right-of-way with future plans for an island annexation. The City Council may wish to make an agreement with those property owners that they would not be annexed until such time as sewer service was provided. This would send a message of commitment to the County and the property owners. She noted that Councilor Barnes had concerns about educating residents in that area. There would be little incentive to annex to Milwaukie if the County provided the service.

**Councilor Barnes** was interested in a public relations effort to help people understand the City's intention.

**Councilor Stone** asked if the County intended to annex into that area.

**Ms. Rouyer** said the political pressure would come in 5 to 10 years as those septic systems failed, and someone would have to respond. It would either be Milwaukie or the County Commissioners. There will also be environmental pressures because Johnson Creek flows through the area.

**Councilor Stone** asked if staff knew the number of properties. Staff did not have the information at this meeting but would provide Council with the number of equivalent dwelling units (EDU).

**Councilor Barnes** asked what the timeframe was if the City Council wanted to move forward.

**Ms. Rouyer** indicated at this time she was just offering ideas to incorporate into the larger annexation discussion. She recommended the City Council strongly consider annexing the right-of-way and making a commitment to that area. The City could adopt a CIP that would phase in the improvements, and staff could continue to seek Community Development Block Grants (CDBG) to help bring service to those areas.

**Mr. Shirey** added the County policy was to not permit any development that was on septic. County staff was telling people interested in partitioning and infill that those properties could not be developed until they were annexed into Milwaukie and provided with sewer service. He does get calls from interested parties, but basically development was on hold in that area.

**Ms. Rouyer** added when the County did not approve new septic, houses were just boarded up.

**Mayor Bernard** commented the amount of space needed for a new septic system was quite large. He felt the City should proceed with the discussions on Linwood Avenue.

**Ms. Rouyer** stated that was a bold move and needed to be followed up with a policy that said properties would not be annexed until service was provided.

**Councilor Stone** asked how many years it would take to complete annexation in this area if it was done in phases.

**Ms. Rouyer** replied it was largely dependent on the budget. The next step would be to develop a financing strategy in the master plan update.

**Mr. Shirey** said the master plan looked at all of the unsewered area that included a large area east of Linwood Avenue and commented on the challenging topography. If this was the direction the City Council wished to go, it would not take a great deal of time to put together a package and cost estimates.

**Ms. Rouyer** added there was the workload issue and how much could realistically be done in a fiscal year.

**Councilor Lancaster** thought it was a no-brainer. People in that area will need service from someone, and the City should step forward and take that responsibility. He felt to keep them in an area of uncertainty was irresponsible.

**Councilor Loomis** requested information on costs and the effect on the current ratepayers.

**Ms. Rouyer** said this would be provided once there was a blueprint. Strategy #2 was similar in that it included annexing the right-of-way and enclosing the properties. It would position the City to say to the County that when the farm on Lake Road came in for development that it would be annexed to Milwaukie. She recommended the City position itself for future development in the dual interest area. The road was in good condition, and the City would take over jurisdiction. Casa del Rey was to the south of Lake Road, but it would be a struggle to bring those people in. They were not currently hooked up to City sewer, and Ms. Rouyer did not know what would motivate them to annex to Milwaukie.

**By consensus, the City Council supported strategy #2.**

**Ms. Rouyer** reviewed strategy #3 that addressed properties currently receiving City sewer outside the City limits on Chelsea, Freeman and Bowman. The streets were in bad condition once one crossed the City limit. This would be controversial, but there could be a way to do it by annexing the right-of-way. The City could offer a street overlay at some time in the future as an incentive.

**By consensus, the City Council supported strategy #3**

**Councilor Loomis** discussed the area on Van Water in the Ardenwald neighborhood.

**Ms. Rouyer** responded that the City of Portland had annexed that area, so it would have to be de-annexed.

**Councilor Lancaster** said that was a political decision way back when that needed to be cleaned up. Milwaukie could offer a lower tax rate.

**Mayor Bernard** walked the area above the City shops and a lot of people asked when Milwaukie was going to annex.

**Mr. Shirey** said staff looked at that area, and it would be a difficult to provide sewer service.

**Mr. Swanson** said that would be the second phase of the annexation. The group discussed Happy Valley's annexation proposals and its tax rate. If one used the value he saw in the *Oregonian*, Milwaukie would generate \$1.4 million and Happy Valley would generate \$140,000.

### Library Levy

**Mr. Swanson** reviewed several spreadsheets. The impact of the loss was about \$132,000 to the Ledding Library, which was a substantial hit. The actual loss would depend on a number of things, and the Library Network Intergovernmental Board (LNIB) members were going to discuss what might be done to save some revenues to use for direct services. There would likely be no decisions until January. The other spreadsheets analyzed the vote counts. One of the more interesting statistics was that the levy only passed 52% to 48% in Lake Oswego. He thought that indicated the difficulty of the measure.

**Councilor Barnes** saw from these numbers that Milwaukie residents felt strongly about their library.

### Revenue from Sale of Surplus Property

**Mr. Swanson** provided letters from the Park and Recreation Board (PARB) requesting that the City Council consider dedicating the net proceeds from the sale of real property to maintain those parks that were not under the responsibility of the Parks District. The Island Station Neighborhood submitted a similar letter. He concluded that in normal times that would be a good idea as the City developed a number of individual parks without any provisions for maintenance. He recommended that the City respond to the PARB that it did not have the money to do that right now, and in any event it was not budgeted as a revenue in the current fiscal year. He would ask Ms. Herrigel to put money in the proposed budget and let it go through the process. Even though this was an important issue, it was difficult for him to say the City should take on this new responsibility when there was a program that was going to lose \$132,000. Mr. Swanson thought the City needed to look at all of its commitments and requirements as a whole. He would prepare a letter for the Mayor's signature saying City Council appreciated the idea, but that staff would build a parks maintenance proposal in the budget. He supposed these would be revenues to the general fund.

**Councilor Loomis** thought the issue was worth looking at and was okay with considering it during the budget process. He did not believe all funds should be allocated to only those two neighborhoods.

### Measure 37

**Mr. Swanson** said the question was raised whether or not the City could establish a claims process for property that was devalued because a waiver was granted. That could be done by ordinance, and he would prepare it for a future meeting agenda if the City Council directed.

**Mayor Bernard** commented there was a discussion after the Clackamas County Coordinating Committee (C4) meeting about his issue, and a lot of cities were concerned. What, for example, would happen if the Cereghino Farm zoning had to be waived, and someone put in a used car lot?

**Mr. Swanson** said one possibility was to put this discussion on a work session agenda. The City had to meet the December 2, 2004 deadline, so Ordinance 1940 will likely be amended several times.

**Councilor Stone** understood that would only be in relationship to Measure 37. She thought that was a good idea but perhaps should be expanded. It happened all the time when development went in. She did not think it was fair when property values were lowered. She saw it at the coast. People had wonderful views of the ocean, and someone else bought property in front of them and built a two or three story house. Their view was gone, and there went their property value.

**Mayor Bernard** commented that Lake Oswego had ordinance that required that whatever was built would be similar to the existing neighborhood.

**Councilor Stone** said there was infill all through the City of Milwaukie with something like a mobile home that did not go with the rest of the properties and was totally out of character. That did not do anything positive for property values.

**Councilor Lancaster** commented that even something similar could devalue property, and there needed to be an avenue of redress.

**Mr. Swanson** would put that issue on the next work session agenda.

The city manager announced that the City Council would go into executive session pursuant to ORS 192.660(2)(h) consulting with legal counsel regarding legal rights and duties regarding current litigation or litigation likely to be filed.

**Mayor Bernard** adjourned the work session at 6:15 p.m.

*Pat DuVal*

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Pat DuVal, City Recorder

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# AGENDA

## MILWAUKIE CITY COUNCIL WORK SESSION DECEMBER 7, 2004

### MILWAUKIE CITY HALL

Second Floor Conference Room  
10722 SE Main Street

### **WORK SESSION – 5:30 p.m.**

A light dinner will be served.

### Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m.	Sewer Extension Strategy	Alice Rouyer
2.	6:15 p.m.	Adjourn	

### Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the preceding items.
- Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660. 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.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.



**To: City Council**

**Through: Mike Swanson, City Manager**

**From: Alice Rouyer, Director of Community Development & Public Works**

**Subject: Strategy for extending City sewer service to unsewered areas in the Urban Growth Management Area.**

**Date: September 24, 2004 for the October 5, 2004 work session**

### **Action Requested**

Discuss strategies for extending City sewer service to areas in the Urban Growth Management Area. Strategies include discussion of recent sewer basin master planning in the unsewered area east of the City and phased annexations that would help accomplish future public sewer extensions.

### **Background**

Following the recent Hill Street annexation, staff met with counterparts at Water Environment Services (WES). The City needed to clarify roles with the County when reviewing building permits for new development in annexation areas. During that conversation, City staff sought a status report from the County regarding plans for sewer extensions in the area south of Johnson Creek Blvd., north of King Road and east of the City limits to Bell Avenue. The City has long desired to be the sewer provider in this area. This was memorialized in a County/City Urban Growth Management Agreement (UGMA) signed in July 1990. This area is identified in that agreement as Dual Interest Area "A" and is generally understood to be the City's first priority area for future annexation. Council approved three small annexations in this area in the past four years. The annexations were all requested by private property owners, and all have been completed.

Staff from WES indicated that they have consistently not permitted new sewer extensions into the area in order to reserve it for future City sewer service and annexation in accordance with the UGMA. They have no intention of reversing that policy. County staff did mention that they frequently get calls from residents with failing septic tanks or cesspools asking when public sewer might be available. This led to a conversation about

the City's plans for providing sewer service to this area in the future. Options are provided for sewer extension into Dual Interest Area "A" in the draft Sewer Master Plan update. The Council will be considering the Master Plan this fall. Staff will be prepared to discuss strategies for sewer service extensions into this area such as basin master planning and phased annexations in more detail at the October 5, 2004 work session.