

**CITY OF MILWAUKIE
PLANNING COMMISSION
DESIGN AND LANDMARKS COMMITTEE
JOINT SESSION MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, February 11, 2014
6:30 PM**

COMMISSIONERS PRESENT

Lisa Batey, Chair
Scott Barbur
Wilda Parks
Gabe Storm

STAFF PRESENT

Denny Egner, Planning Director
Li Alligood, Associate Planner

COMMISSIONERS ABSENT

Clare Fuchs, Vice Chair
Shaun Lowcock
Sine Bone

DLC MEMBERS PRESENT

Greg Hemer, Chair
Sherry Grau, Vice Chair
Becky Ives
Val Ballestrem
James Fossen

***Note:** The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.*

1.0 Call to Order – Procedural Matters*

Chair Batey called the Planning Commission meeting to order at 6:30 p.m. and read the conduct of meeting format into the record.

DLC Chair Hemer called the Design and Landmarks Committee meeting to order.

2.0 Planning Commission Minutes

This item was taken out of order.

2.1 August 27, 2013

It was moved by Commissioner Parks and seconded by Commissioner Barbur to approve the August 27, 2013 Planning Commission minutes as presented. The motion passed unanimously.

2.2 September 10, 2013

It was moved by Commissioner Parks and seconded by Commissioner Storm to approve the August 27, 2013 Planning Commission minutes as presented. The motion passed unanimously.

2.3 October 22, 2013

It was moved by Commissioner Parks and seconded by Commissioner Barbur to approve the August 27, 2013 Planning Commission minutes as presented. The motion

passed with Chair Batey abstaining.

2.4 November 12, 2013

It was moved by Commissioner Parks and seconded by Commissioner Barbur to approve the August 27, 2013 Planning Commission minutes as presented. The motion passed with Commissioner Storm abstaining.

3.0 Information Items

Denny Egner, Planning Director, on behalf of Steve Butler, Community Development Director, updated the Planning Commission and DLC on the Riverfront Park, Adams Street Connector, and 17th Street Bikeway projects.

Li Alligood, Associate Planner, noted the development review permits for the downtown veterinarian clinic were being reviewed and the project was progressing.

4.0 Audience Participation – This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings – None

6.0 Joint Session Items

6.1 Summary: Moving Forward Milwaukie: Enhancing Our Commercial Districts
Staff: Li Alligood

Li Alligood, Associate Planner, presented the staff report via PowerPoint and noted the overview of the project provided in the meeting materials. She briefly explained the project steps and where the project was currently. There were six key phases involved in the project. A market study was done in December, and the development of the opportunity sites concepts was being worked on currently which would feed into the downtown and central Milwaukie implementation plan. The Planning Commission would have joint meetings with Council to discuss that plan and the outcome of those meetings would set the framework for code and comprehensive plan amendments and potentially financial incentives for development.

Ms. Alligood shared what staff was learning from the process and from the development concepts. There were potential code challenges and transportation issues but these would be part of the action implementation plan and would likely return to one or both of the groups for review. She noted an absorption analysis was received from the consultant that looked at the types of uses that were being absorbed (rented) in Milwaukie. Light industrial or flex space was found to have the highest rate of absorption; office space was the lowest. That information caused staff to pause and relook at the development concepts and types of uses being proposed as it was important for them to be feasible. The draft concepts were revised since the packet.

She reviewed the opportunity sites and their potential configurations, and answered questions of the Commission and DLC:

- ‘Transportation challenges’ were related to access and connectivity. Both central Milwaukie and downtown Milwaukie were near intersections located on state highways which involved

access restrictions. The condition of a number of the intersections near the opportunity sites was also a concern.

- As to why office space was being proposed, the concepts were to test a wide range of assumptions and feasibility so that staff would be able to draw lessons. Although office space may not be viable, it should remain an allowed use.
- The concept plans included off-street parking, though it was not required downtown. The intent was to not set an arbitrary minimum, but it was recognized that the market in Milwaukie did indicate the want for off-street parking for live and work. Since parking structures were expensive, direction from Council was to not propose options supported by public funds.

Opportunity Sites key questions and issues:

Cash Spot – Access to the property was allowed only from Washington St or Main St as access from Hwy 99/McLoughlin Blvd was not permitted. If the area was designated as a mixed-use, multi-modal area, it would give more flexibility in terms of new street access. Regardless, this property was not ideal for including a parking structure due to the constrained access and safety concerns. There was vacant Adams St right-of-way to the south as an access option.

Triangle site – Off-street parking was not assumed since it was located at a transit station. One proposed option was four stories, and although the community preferred to keep building height at two-three stories, having the fourth story made the feasibility pencil out more. Five stories were allowed outright but the project was trying to be conservative.

Chair Batey noted that in her observation, the exercises at the project advisory committee meetings indicated that three to four floors were acceptable.

Texaco site – The western side of the site was purchased by Metro with Transportation Oriented Development (TOD) funds so there were certain requirements for the type of development allowed, such as resulting in an increase in public transportation ridership and to include a portion of affordable housing. The eastern side was owned by the City and used as a parking lot since the '60s. Development could be as one concept or split, which would allow for different uses.

Murphy Site – The site was large so was more difficult to determine possibilities. Generally, it could be divided between west and east, with a mix of uses. Surface parking was required. The zone was restrictive and required mixed use, and flex space was not allowed at the moment and would need to come before the Commission for approval. A third option would be all flex space, including commercial, light industrial, and incubator space.

McFarland Site – The southeastern half was a brownfield and cannot be developed with residential; it would have to be capped either with concrete or new soil and landscaping. Department of Environmental Quality (DEQ) would need to be involved in any development or zone changes for the site. Flex space would not be feasible based on limitations on heavy traffic and neighborhood appetite.

Ms. Alligood reviewed the next steps and noted the presentation to Council the following week which would cover the costs and deficits of these sites, and how or if the Council was interested in moving forward with the proposals. Code and transportation challenges would not be

covered; those would be a part of a joint session with the Commission and Council to review the implementation plan.

DLC Chair Hemer asked how conducive the existing codes were to allow the proposed concept plans, or would there need to be a great deal of code changes.

Ms. Alligood indicated barriers such as parking restrictions for south of Washington St, minimum building heights in downtown, maximum setbacks which would not allow open space on the Texaco site, and the restrictive overlay zones on the Murphy and McFarland sites would need to be addressed for development.

Mr. Egner noted the developer roundtable held in January that included a wide range of developer types. The developers were excited to be involved and saw potential and opportunities in Milwaukie. He felt the City needed to do a better job of marketing itself.

DLC Chair Hemer applauded the City and the Planning staff on working on this important project.

Ms. Alligood encouraged the Commission and DLC to either attend or watch the Council meetings the following week to get an idea of the conversation; the Commission would be involved in the next round for the project.

7.0 Planning Department Other Business/Updates

8.0 Planning Commission Discussion Items

Mr. Egner noted future joint sessions for both groups with the Council.

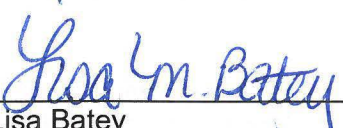
9.0 Forecast for Future Meetings:

- | | |
|-------------------|---|
| February 25, 2014 | 1. Public Hearing: CSU-13-14 5197 SE King Rd Road Home Program |
| March 11, 2014 | 1. Public Hearing: ZA-13-002 2316 SE Willard St NW Housing Alternatives |
| | 2. Public Hearing: ZA-14-01 Public Murals Program <i>tentative</i> |

Meeting adjourned at approximately 8:33 p.m.

Respectfully submitted,

Alicia Martin, Administrative Specialist II



Lisa Batey
Planning Commission Chair



Greg Hemer
Design and Landmarks Committee Chair



AGENDA

**MILWAUKIE PLANNING COMMISSION
and
DESIGN AND LANDMARKS COMMITTEE
JOINT SESSION
Tuesday, February 11, 2014, 6:30 PM**

**MILWAUKIE CITY HALL
10722 SE MAIN STREET**

- 1.0 Call to Order - Procedural Matters**
- 2.0 Planning Commission Minutes – Motion Needed**
 - 2.1 August 27, 2013
 - 2.2 September 10, 2013
 - 2.3 October 22, 2013
 - 2.4 November 12, 2013
- 3.0 Information Items**
- 4.0 Audience Participation –** This is an opportunity for the public to comment on any item not on the agenda
- 5.0 Public Hearings –** When hearings are on the agenda, they follow the procedure listed on the reverse side
- 6.0 Joint Session Items**
 - 6.1 Summary: Moving Forward Milwaukie: Enhancing Our Commercial Districts
Staff: Li Alligood/ECONorthwest
- 7.0 Planning Department Other Business/Updates**
- 8.0 Planning Commission Discussion Items –** This is an opportunity for comment or discussion for items not on the agenda.
- 9.0 Forecast for Future Meetings:**
 - February 25, 2014 1. Public Hearing: CSU-13-14 5197 SE King Rd Road Home Program
 - March 11, 2014 1. Public Hearing: ZA-13-02 2316 SE Willard St NW Housing Alternatives
 - 2. Public Hearing: ZA-14-01 Public Murals Program *tentative*

Milwaukie Planning Commission Statement

The Planning Commission serves as an advisory body to, and a resource for, the City Council in land use matters. In this capacity, the mission of the Planning Commission is to articulate the Community's values and commitment to socially and environmentally responsible uses of its resources as reflected in the Comprehensive Plan

1. **PROCEDURAL MATTERS.** If you wish to speak at this meeting, please fill out a yellow card and give to planning staff. Please turn off all personal communication devices during meeting. For background information on agenda items, call the Planning Department at 503-786-7600 or email planning@ci.milwaukie.or.us. Thank You.
2. **PLANNING COMMISSION MINUTES.** Approved PC Minutes can be found on the City website at www.cityofmilwaukie.org
3. **CITY COUNCIL MINUTES** City Council Minutes can be found on the City website at www.cityofmilwaukie.org
4. **FORECAST FOR FUTURE MEETING.** These items are tentatively scheduled, but may be rescheduled prior to the meeting date. Please contact staff with any questions you may have.
5. **TIME LIMIT POLICY.** The Commission intends to end each meeting by 10:00pm. The Planning Commission will pause discussion of agenda items at 9:45pm to discuss whether to continue the agenda item to a future date or finish the agenda item.

Public Hearing Procedure

Those who wish to testify should come to the front podium, state his or her name and address for the record, and remain at the podium until the Chairperson has asked if there are any questions from the Commissioners.

1. **STAFF REPORT.** Each hearing starts with a brief review of the staff report by staff. The report lists the criteria for the land use action being considered, as well as a recommended decision with reasons for that recommendation.
2. **CORRESPONDENCE.** Staff will report any verbal or written correspondence that has been received since the Commission was presented with its meeting packet.
3. **APPLICANT'S PRESENTATION.**
4. **PUBLIC TESTIMONY IN SUPPORT.** Testimony from those in favor of the application.
5. **NEUTRAL PUBLIC TESTIMONY.** Comments or questions from interested persons who are neither in favor of nor opposed to the application.
6. **PUBLIC TESTIMONY IN OPPOSITION.** Testimony from those in opposition to the application.
7. **QUESTIONS FROM COMMISSIONERS.** The commission will have the opportunity to ask for clarification from staff, the applicant, or those who have already testified.
8. **REBUTTAL TESTIMONY FROM APPLICANT.** After all public testimony, the commission will take rebuttal testimony from the applicant.
9. **CLOSING OF PUBLIC HEARING.** The Chairperson will close the public portion of the hearing. The Commission will then enter into deliberation. From this point in the hearing the Commission will not receive any additional testimony from the audience, but may ask questions of anyone who has testified.
10. **COMMISSION DISCUSSION AND ACTION.** It is the Commission's intention to make a decision this evening on each issue on the agenda. Planning Commission decisions may be appealed to the City Council. If you wish to appeal a decision, please contact the Planning Department for information on the procedures and fees involved.
11. **MEETING CONTINUANCE.** Prior to the close of the first public hearing, *any person* may request an opportunity to present additional information at another time. If there is such a request, the Planning Commission will either continue the public hearing to a date certain, or leave the record open for at least seven days for additional written evidence, argument, or testimony. The Planning Commission may ask the applicant to consider granting an extension of the 120-day time period for making a decision if a delay in making a decision could impact the ability of the City to take final action on the application, including resolution of all local appeals.

The City of Milwaukie will make reasonable accommodation for people with disabilities. Please notify us no less than five (5) business days prior to the meeting.

Milwaukie Planning Commission:

Lisa Batey, Chair
Clare Fuchs, Vice Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks
Gabe Storm

Planning Department Staff:

Denny Egner, Planning Director
Ryan Marquardt, Senior Planner
Li Alligood, Associate Planner
Brett Kelter, Associate Planner
Vera Koliass, Associate Planner
Alicia Martin, Administrative Specialist II

CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, August 27, 2013
6:30 PM

COMMISSIONERS PRESENT

Lisa Batey, Chair
Clare Fuchs, Vice Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks
Gabe Storm

STAFF PRESENT

Stephen C. Butler, Planning Director
Brett Kelter, Associate Planner
Peter Watts, City Attorney

1.0 Call to Order – Procedural Matters*

Chair Batey called the meeting to order at 6:30 p.m. and read the conduct of meeting format into the record.

***Note:** The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.*

2.0 Planning Commission Minutes

2.1 April 9, 2013

It was moved by Commissioner Parks and seconded by Commissioner Storm to approve the April 9, 2013 Planning Commission minutes, as amended to remove Chris Wilson from the attendance list. The motion passed with Vice Chair Fuchs and Commissioner Barbur abstaining.

2.2 April 23, 2013

It was moved by Commissioner Parks and seconded by Vice Chair Fuchs to approve the April 23, 2013, Planning Commission minutes, as written. The motion passed with Commissioners Bone (Adams) and Barbur abstaining.

3.0 Information Items

Steve Butler, Planning Director, stated that the Commercial Core Enhancement Program (CCEP) project was renamed to Moving Forward Milwaukie: Enhancing Our Commercial

Districts. The project advisory committee (PAC) needed a representative from the Planning Commission. The first public meeting for the project was tentatively scheduled for October 7, 2013. The first PAC meetings were scheduled for September 23 and October 21, 2013.

4.0 Audience Participation – This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings – None

6.0 Worksession Items

6.1 Summary: Discussion about Transportation-Related Educational Webinar/Videos
Staff: Steve Butler

Mr. Butler requested the Commission watch two videos prior to the meeting; one was a webinar on right-sizing streets, and the other was a presentation by Jeffrey Tumlin on “Walkable Urbanism” which focused on ways to downsize streets, increase walkability, and improve traffic conditions.

The Commission discussed the videos.

- **Commissioner Parks** appreciated Tumlin’s philosophical and societal-oriented points of view.
- **Commissioner Parks** saw some opportunities for “road diets” in Milwaukie, and agreed with the video’s sentiment and wanted Milwaukie to be a memorable and comfortable place.
- **Chair Batey** said the single most important thing was to make walking more attractive to everyone.
- **Commissioner Sine** said the best transportation plan was to have a good land use plan. In Milwaukie, parking was an issue; the City should consider pricing parking.
- **Commissioner Lowcock** disagreed with Tumlin and did not see Vancouver as a good example of transportation. He believed Portland should be used as a good transportation example.
- **Chair Batey** noted that the webinar on right-sizing streets was not as relevant to Milwaukie as the Tumlin presentation, although some statistics were worthwhile and may be relevant.

- **Commissioner Bone** felt that streets should not be design to accommodate big cars or high speeds. Focus should be on creating traffic calming and if there is no money for curbing and sidewalks, other solutions should be considered, e.g. striping.

6.2 Summary: Transportation System Plan (TSP) Update preparation
Staff: Brett Kelter

Mr. Butler recognized **Jason Rice, Engineering Director**, and **Jamin Kimmel, Planning Intern**, in the audience.

Brett Kelter, Associate Planner, presented the staff report. He noted that the TSP was an ancillary document to the Comprehensive Plan and therefore any changes required a legislative process for adoption. He reviewed the purpose of the TSP and noted the update was required to comply with Metro's Regional Transportation Plan. The update was also to adjust the forecast horizon from 2030 to 2035 and to update project priorities.

Mr. Kelter noted that the following questions and topics have come up through public involvement and may be heard during future public hearings:

- How does the TSP relate to maintenance of the current street infrastructure? He clarified that the TSP was not designed to address paving and general street maintenance issues; those issues were managed through the Street Surface Maintenance Program (SSMP).
- How does the TSP address the light rail? He explained that the TSP focused on studying the system and infrastructure in place; once light rail was operating and an active part of the system, it would be included in future analysis of the whole system. An example of a new issue that might need future study was the need to better connect the various neighborhoods to light rail.
- Downtown Parking – How would light rail affect parking downtown and in the neighborhoods near the stations? He noted that even before the light rail project, there have been questions about how downtown parking functions, how it is managed, how is it enforced, etc. The 2007 TSP included language outlining the existing process for establishing residential parking

108 permit programs. Staff conducts an annual inventory of downtown parking utilization, but
109 perhaps there should be a comprehensive study of downtown parking outside of the TSP.

- 110 • Can large projects be broken into smaller segments to increase the chances of getting
111 funding? He explained that the listing of large projects would not prevent them from being
112 tackled in smaller segments if partial funding became available.
- 113 • A lot of sidewalk projects were described as “build sidewalk on both sides of the street.” Why
114 not start by building a sidewalk on just one side of the street? He noted that, like large
115 projects being funded in smaller pieces, a project’s full description would not prevent the
116 City from constructing only part of it in order to save money to use for other projects.
- 117 • There has been a suggestion to show projects by neighborhood. He said that could be
118 addressed with some new appendix materials.
- 119 • Some people have wanted more opportunities for public involvement. He indicated that the
120 scope of the update project had not allowed for as much public involvement as some would
121 have liked but that there had been effective public input received through several open
122 houses and public meetings. He explained that he had tried to identify which issues or
123 suggestions could be addressed through the update process and which ones would be more
124 effectively handled in some other way.

125
126 **Chair Batey** would like to explore the City’s ability to lower the speed limit on some residential
127 streets to 15 mph.

128
129 **Mr. Kelter** indicated that the Neighborhood Traffic Management chapter might be a place to
130 address that issue.

131
132 **Mr. Rice** explained that the House bill allowing speeds down to 20 mph on neighborhood
133 greenways may only be implemented in cities with populations over 100,000 citizens. However,
134 he would look into seeing if the City could lower the speed limit to 15 mph on streets with a
135 paved width of 18 ft or less.

136
137 **Mr. Kelter** outlined the timeline for adoption of the TSP updates. Public hearings with the
138 Commission would be in September, with a worksession and hearings at City Council to follow
139 in October.

140

Mr. Butler encouraged the Commissioners to take advantage of the evening's session to ask questions and prepare for the upcoming public hearing. He noted the overall project deadline from Metro was for the end of 2013 and suggested that the sooner the TSP updates could be adopted, the sooner the City could turn its attention to implementing some actual TSP projects.

Mr. Kelter explained the format of the proposed TSP amendments and then highlighted the key proposed changes, chapter by chapter.

Chair Batey encouraged Commissioners to continue reading the TSP and contact staff if a question arises.

7.0 Planning Department Other Business/Updates

7.1 Planning Commission Notebook Update Pages

Mr. Butler noted there was a TSP open house and public meeting scheduled for September 5, 2013.

Mr. Butler and the Commission also discussed the Moving Forward Milwaukie Project Advisory Committee (PAC). The PAC would consist of members of the Commission and Design and Landmarks Committee, downtown business owners, and other stakeholders. **Commissioner Bone** was interested in participating and **Commissioner Barbur** offered to consider being an alternate.

8.0 Planning Commission Discussion Items

Chair Batey talked about a large garage expansion being built in Island Station. She felt it should have been subject to the conditions of an accessory structure; but because there was an insulated connection between the garage and the existing house, it was considered to be an expansion of the house and not an accessory structure or barn.

Mr. Kelter confirmed that the insulated connection made it an extension to the existing house.

Commissioner Parks asked if it was possible to look into clarifying the meaning of "connection" for future projects.

175

176 **Chair Batey** said the Code could be amended to address that.

177

178 **9.0 Forecast for Future Meetings:**

179 September 10, 2013 1. Public Hearing: CPA-13-03 Transportation System Plan (TSP)
180 Update

181 September 24, 2013 1. Public Hearing: CPA-13-03 Transportation System Plan (TSP)
182 Update

183

184 Meeting adjourned at approximately 10:10 p.m.

185

186

187

188 Respectfully submitted,

189

190 Hannah Haugen, Administrative Specialist II, for

191 Alicia Martin, Administrative Specialist II

192

193

194

195

196 _____
Lisa Batey, Chair

CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, September 10, 2013
6:30 PM

COMMISSIONERS PRESENT

Lisa Batey, Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks
Gabe Storm

STAFF PRESENT

Stephen C. Butler, Interim Planning Director
Brett Kelter, Associate Planner
Damien Hall, City Attorney

COMMISSIONERS ABSENT

Clare Fuchs, Vice Chair

1.0 Call to Order – Procedural Matters*

Chair Batey called the meeting to order at 6:35 p.m. and read the conduct of meeting format into the record.

***Note:** The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.*

2.0 Planning Commission Minutes – None**3.0 Information Items**

Steve Butler, Interim Planning Director, noted that the Commercial Core Enhancement Program (CCEP) project was renamed to Moving Forward Milwaukie: Enhancing Our Commercial Districts. The first project advisory committee meeting was scheduled for September 23rd. The first public meeting was scheduled for October 3rd.

ArtMOB, the City's arts committee, was hosting a public meeting on October 10th about the proposed mural program.

4.0 Audience Participation –This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings

5.1 Summary: Transportation System Plan (TSP) Update

44 Applicant: City of Milwaukie

45 File: CPA-13-03

46 Staff: Brett Kelter

47

48 **Chair Batey** called the hearing to order and read the conduct of legislative hearing format into
49 the record.

50

51 **Brett Kelter, Associate Planner**, gave the staff report on the Transportation System Plan
52 (TSP) update. The reason for the update was to comply with the state's Regional Transportation
53 Plan. He gave an overview of the TSP: structure, project priorities, costs, and action plans. He
54 reviewed the comments received since the Planning Commission's worksession.

55

56 He reviewed the timeline for adoption with a goal for recommendation to City Council by the
57 Commission and adoption by Council by the end of October/early November. The deadline for
58 compliance with Metro was December 31st.

59

60 **Chair Batey** opened the public testimony.

61

62 **David Aschenbrenner, Chair of the Hector Campbell NDA**, requested a bike and pedestrian
63 improvement project for Railroad Ave be included. He also asked for projects near Campbell
64 Elementary School to be left in – although the school was not currently in use, it was used for
65 activities and could be brought back into operation at any time.

66

67 **Ray Bryan** said that the sidewalk on the south side of Washington St (east of 27th Ave) was
68 narrower than what was shown in the TSP. He reviewed some of the projects and issues that he
69 thought were important and advocated for stronger language for funding the Walk Safely
70 Milwaukie Program.

71

72 **Greg Baartz-Bowman** spoke in favor of the various Neighborhood Greenway projects identified
73 in the TSP and encouraged people to join Bike Milwaukie on the group's upcoming ride to tour
74 Portland-area neighborhood greenway routes.

75

76 **Greg Hemer** and **Zac Perry** both asked for some large-scale projects (such as sidewalks along
77 the entire length of Stanley Ave) to be broken down into smaller projects.

78

79 **Regis Niggemann** asked for the TSP to include pedestrian improvements on Linwood Ave.

80

81 **Gwen Alvarez** and **Vincent Alvarez** asked for the TSP to include more traffic calming elements
82 on Lake Rd.

83

84 **Jean Baker, speaking for Historic Milwaukie NDA**, requested that bus shelter elements be
85 added to the TSP, as well as a solution to the truck traffic on Monroe St.

86

87 **Chris Ortolano** noted the importance of providing safer east-west connections across the city
88 from the eastern neighborhoods to downtown and the new light rail stations.

89

90 **Karin Power** spoke to the economic benefits of bike and pedestrian improvement projects.

91

92 **Chair Batey** closed the public testimony.

93

94 **The Commission** summarized their main concerns and the concerns raised by the public
95 testimony as the following:

96

- 97 • Keep projects related to Campbell Elementary School
- 98 • Neighborhood Loop bus
- 99 • Hwy 224 crossings improvements—Do all the crossings need to be high priority or should
100 they be ranked?
- 101 • Break up some of the larger-scale projects into smaller projects, e.g., Monroe St and Stanley
102 Ave neighborhood greenways and Linwood Ave sidewalks
- 103 • Downtown parking and its relation to light rail—residential parking permit program
- 104 • Flexibility to build less than traditional sidewalks
- 105 • Traffic signal at Johnson Creek Blvd and 42nd Ave
- 106 • Truck traffic in downtown
- 107 • Sidewalks on Logus Rd
- 108 • Bike sharing and education
- 109 • Maintenance of swales
- 110 • Right turn on Oatfield Rd (safety)

- Traffic calming on Lake Rd

Mr. Kelter said that staff would prepare information on the above-listed issues for the September 24th meeting.

It was moved by Commissioner Parks and seconded by Commissioner Storm to continue the public hearing, without public testimony, for CPA-13-03 to a date certain of September 24th.

6.0 Worksession Items – None

7.0 Planning Department Other Business/Updates – None

8.0 Planning Commission Discussion Items – None

9.0 Forecast for Future Meetings:

September 24, 2013 1. Public Hearing: CPA-13-03 Transportation System Plan (TSP)

Update *continued*

October 8, 2013 1. Public Hearing: AP-13-01 Pendleton Woolen Mill Parking
Appeal

2. Worksession: Murals Code Project

Meeting adjourned at approximately 10:10 p.m.

Respectfully submitted,

Hannah Haugen, Administrative Specialist II for
Alicia Martin, Administrative Specialist II

CITY OF MILWAUKIE PLANNING COMMISSION
Minutes of September 10, 2013
Page 5

145 _____
146 Lisa Batey, Chair

CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, October 22, 2013
6:30 PM

COMMISSIONERS PRESENT

Clare Fuchs, Vice Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks

STAFF PRESENT

Stephen C. Butler, Interim Planning Director
Ryan Marquardt, Senior Planner
Beth Ragel, Program Coordinator
Peter Watts, City Attorney

COMMISSIONERS ABSENT

Lisa Batey, Chair
Gabe Storm

1.0 Call to Order – Procedural Matters*

Vice Chair Fuchs called the meeting to order at 6:30 p.m. and read the conduct of meeting format into the record.

***Note:** The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.*

2.0 Planning Commission Minutes

2.1 May 14, 2013

2.2 May 28, 2013 Design and Landmarks Committee Joint Session

It was moved by Commissioner Parks and seconded by Commissioner Bone to approve the minutes of the May 14th and May 28th Planning Commission minutes as presented.

The motion passed unanimously.

3.0 Information Items

Steve Butler, Interim Planning Director, noted upcoming public meetings on October 28 and 29 for the Moving Forward Milwaukie project. The October 28th meeting would discuss downtown opportunity sites and the October 29th meeting would discuss central Milwaukie.

The Planning Commission was encouraged to attend an elections law training workshop scheduled for November 20th.

44

45 **4.0 Audience Participation** –This is an opportunity for the public to comment on any item
46 not on the agenda. There was none.

47

48 **5.0 Public Hearings**

49 5.1 Summary: Parking Determination Appeal

50 Applicant/Owner: Pendleton Woolen Mills

51 Address: 2516 SE Mailwell Dr

52 File: AP-13-01

53 Staff: Ryan Marquardt

54 **Vice Chair Fuchs** called the public hearing to order and read the conduct of appeal hearing
55 format into the record.

56 The public hearing was an appeal of the Director's Determination DD-13-04. The application
57 concerned the status of parking stalls along the northern edge of the Pendleton Woolen Mills
58 property in the North Industrial Area. The applicant requested the parking stalls to be classified
59 as legal off-street parking spaces but the director's determination ruled the parking stalls did not
60 qualify as legal off-street parking spaces.

61 **Ryan Marquardt, Senior Planner**, presented the staff report via PowerPoint. He explained that
62 the site's parking stalls were established in 1967, before parking standards were in place in
63 1968, and so were legal nonconforming. The PMLR project moved some of the parking stalls
64 further into the Mailwell Dr right-of-way. Staff recommendation was to uphold the decision of
65 DD-13-04, with a correction noted in the number of parking spaces described in DD-13-04.

66

67 **Vice Chair Fuchs** called for the applicant's testimony.

68

69 **Bill Horning, Western Planning Associates**, represented the applicant. He recognized that
70 the parking stalls are nonconforming. The appeal was because the spaces were never
71 abandoned – TriMet took and rebuilt the parking stalls. Out of the 18 parking stalls, the City
72 approved 3 legal nonconforming off-street spaces but 3 of the remaining 15 were not moved.

73

74 **Mike Donavon, General Manager at the Pendleton Woolen Mills distribution center**, noted
75 there was signage indicating that the parking stalls are only to be used by Pendleton employees
76 and shoppers.

Charles Bishop, Vice President of Pendleton Woolen Mills, said the PMLR project had a big impact on their business.

Mr. Marquardt revised the recommendation to count an additional 3 parking stalls that were not moved as legal nonconforming parking stalls.

Staff and the applicant's representative responded to questions from the Commission.

Vice Chair Fuchs closed public testimony.

It was moved by Commissioner Parks and seconded by Vice Chair Fuchs to uphold the decision of DD-13-04 with the revised findings in Attachment 1 to include 3 additional nonconforming parking stalls. The motion passed with Commissioners Lowcock and Barbur opposing.

6.0 Worksession Items

6.1 Summary: Murals Code Project briefing

Staff: Ryan Marquardt & Beth Ragel

Beth Ragel, Program Coordinator, gave an overview of the proposed mural project and noted current public opinion of the project. The proposed mural code included two permitting options: one was an objective review with a permit fee, and the other was a discretionary review that could include matching grant funds. She noted the project timeline to return to the Commission by the end of the year with code language. She planned to host a public workshop in the spring on the mural application process and tips on mural creation.

6.2 Summary: Land Use 101 Training: An Overview for the Milwaukie Planning Commission

Staff: Ryan Marquardt &

Mr. Marquardt gave an overview of statewide planning program milestones and how decisions were made.

Peter Watts, City Attorney, explained ex parte contact, bias, and conflict of interest. He recommended contacting the Oregon Government Ethics Commission if there were questions regarding these items.

Mr. Marquardt also offered for the Commission to notify Planning staff if there was a question of conflict of interest.

7.0 Planning Department Other Business/Updates

7.1 Summary: Attendance

Staff: Steve Butler

Steve Butler, Planning Director, asked for Commissioners to notify Planning staff if there was to be an absence.

8.0 Planning Commission Discussion Items —None

9.0 Forecast for Future Meetings:

November 12, 2013 1. Public Hearing: DR-13-05, 10400 SE Main St Veterinarian
Clinic Design Review

2. Worksession: Moving Forward Milwaukie project briefing
tentative

November 26, 2013 1. TBD

The meeting adjourned at approximately 10 p.m.

Respectfully submitted,

Hannah Haugen, Administrative Specialist II for
Alicia Martin, Administrative Specialist II

CITY OF MILWAUKIE PLANNING COMMISSION
Minutes of October 22, 2013
Page 5

145

146

147

Lisa Batey, Chair

CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, November 12, 2013
6:30 PM

COMMISSIONERS PRESENT

Lisa Batey, Chair
Clare Fuchs, Vice Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks

STAFF PRESENT

Steve Butler, Interim Planning Director
Li Alligood, Associate Planner
Peter Watts, City Attorney

COMMISSIONERS ABSENT

Gabe Storm

1.0 Call to Order – Procedural Matters*

Vice Chair Fuchs called the meeting to order at 6:30 p.m. and read the conduct of meeting format into the record.

***Note:** The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.*

2.0 Planning Commission Minutes

2.1 September 24, 2013

It was moved by Vice Chair Fuchs and seconded by Commissioner Bone to approve September 24, 2013 Planning Commission minutes as presented. The motion passed unanimously.

3.0 Information Items None

Steve Butler, Interim Planning Director, noted the next Moving Forward Milwaukie project advisory committee meeting was scheduled for October 14, 2013.

4.0 Audience Participation – This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings

5.1 Summary: Design Review for Veterinarian Clinic

Applicant/Owner: Alyssa Leeviraphan & Kim Freeman

Address: 10400 SE Main St.

File: NCU-13-02 & DR-13-05

Staff: Li Alligood

Chair Batey recused herself from the public hearing for a potential bias and left the room.

Vice Chair Fuchs called the hearing to order and read the conduct of quasi-judicial hearing format into the record.

Li Alligood, Associate Planner, presented the staff report via PowerPoint. The property was located in the downtown residential zone DR. The applicant proposed a major exterior alteration and expansion of an existing nonconforming use. The proposal was subject to nonconforming use review and downtown design review. The Design and Landmarks Committee recommended approval for the design review proposal on October 23, 2013.

Ms. Alligood explained that in February 2013, the Commission approved the change of use from a credit union to a veterinarian clinic. She believed the current proposal would not change the findings of that approval. Staff received a letter in support of the proposal from the Historic Milwaukie Neighborhood District Association. Staff recommended approval with the recommended findings and conditions of approval.

Vice Chair Fuchs called for public testimony.

Alyssa Leeviraphan, Mahlum Architects, spoke on behalf of the property owner and described the proposed site and floor plans.

Greg Hemer, DLC Chair, spoke in support of the proposal.

Vice Chair Fuchs closed public testimony and the Commission deliberated.

It was moved by Commissioner Bone and seconded by Commissioner Parks to approve NCU-13-02 and DR-13-05 with recommended findings in Attachment 1 and 2.

77

78 **6.0 Worksession Items**

79 6.1 Summary: Moving Forward Milwaukie Project Briefing

80 Staff: Li Alligood

81

82 **Li Alligood, Associate Planner**, gave an update on the Moving Forward Milwaukie project.

83 The consultant team had established a detailed scope of work and schedule. The kick-off event

84 was on October 3rd. The next advisory committee was scheduled for November 18th where

85 opportunity sites to consider would be drafted, which would be presented to Council on

86 December 3rd. A public meeting was scheduled for January 16th, and there would be a

87 worksession and study session with Council in February.

88

89 **Chair Batey** asked for survey results from the open house.

90

91 **Ms. Alligood** would forward those results to the Commission.

92

93 **7.0 Planning Department Other Business/Updates**

94 7.1 Summary: Transportation System Plan (TSP) Update

95

96 **Mr. Butler** noted that the TSP update was almost through the adoption process. Language was

97 added that acknowledged that neighborhoods could conduct their own transportation studies;

98 and the downtown parking structure was moved from low to high priority.

99

100 7.2 Summary: Adams Street Project

101

102 The Adams Street project, located between 21st Ave and Main St, was to convert that portion of

103 Adams St to a pedestrian way and the plans were nearly final. The hope was to bid out in

104 February 2014 and for the construction to be done in late summer 2014.

105

106 7.3 Summary: Riverfront Park

107

108 The City received major funding from the Oregon Marine Board and Oregon Parks and

109 Recreation. The project elements funded through these grants must be completed by October

110 2014.

111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137

7.4 Summary: Staffing Update

The Planning Department was in the process of filling two vacant positions. One was the Assistant Community Development Director (aka Planning Director) and the other was for an Associate Planner. There were finalists for the Assistant CD Director and interviews were scheduled for later in the week.

8.0 Planning Commission Discussion Items — None

9.0 Forecast for Future Meetings:

- 1. November 26, 2013 1. Cancelled
- 1. December 10, 2013 1. Cancelled

The meeting adjourned at approximately 7:35 p.m.

Respectfully submitted,

Hannah Haugen, Administrative Specialist II, for
Alicia Martin, Administrative Specialist II

Lisa Batey, Chair



MILWAUKIE

Dogwood City of the West

To: Planning Commission
Design and Landmarks Committee

Through: Dennis Egner, Planning Director

From: Li Alligood, Associate Planner
Ryan Marquardt, Senior Planner

Date: February 4, 2014, for February 11, 2014, Worksession

Subject: Moving Forward Milwaukie: Project Briefing #2

ACTION REQUESTED

None. This is a briefing for discussion only. This is the second in a series of project briefings to the Planning Commission and Design and Landmarks Committee.

BACKGROUND INFORMATION

The *Moving Forward Milwaukie: Enhancing our Commercial Districts* (MFM) project began in July 2013 and will continue into early 2015. The project was preceded by the *Fresh Look Milwaukie: Downtown Road Map* project (January – June 2013).

The MFM project is focused on bringing new activity to Milwaukie's commercial districts: downtown, central Milwaukie, and the neighborhood main streets of 32nd & 42nd Avenues. The major phases of the project are:

- Market Study (completed December 2013);
- Opportunity Site Development Concepts (in progress);
- Downtown and Central Milwaukie Action & Implementation Plan (next up);
- Downtown Plan and Code Amendments;
- Central Milwaukie Land Use & Transportation Plan; and,
- Central Milwaukie and Neighborhood Main Streets Plan and Code Amendments

A. History of Prior Actions and Discussions

- **November 12, 2013:** The Commission was briefed on the results of the market study and provided input into its findings.
- **August 5, 2013:** The Committee was briefed on the project overview and schedule.

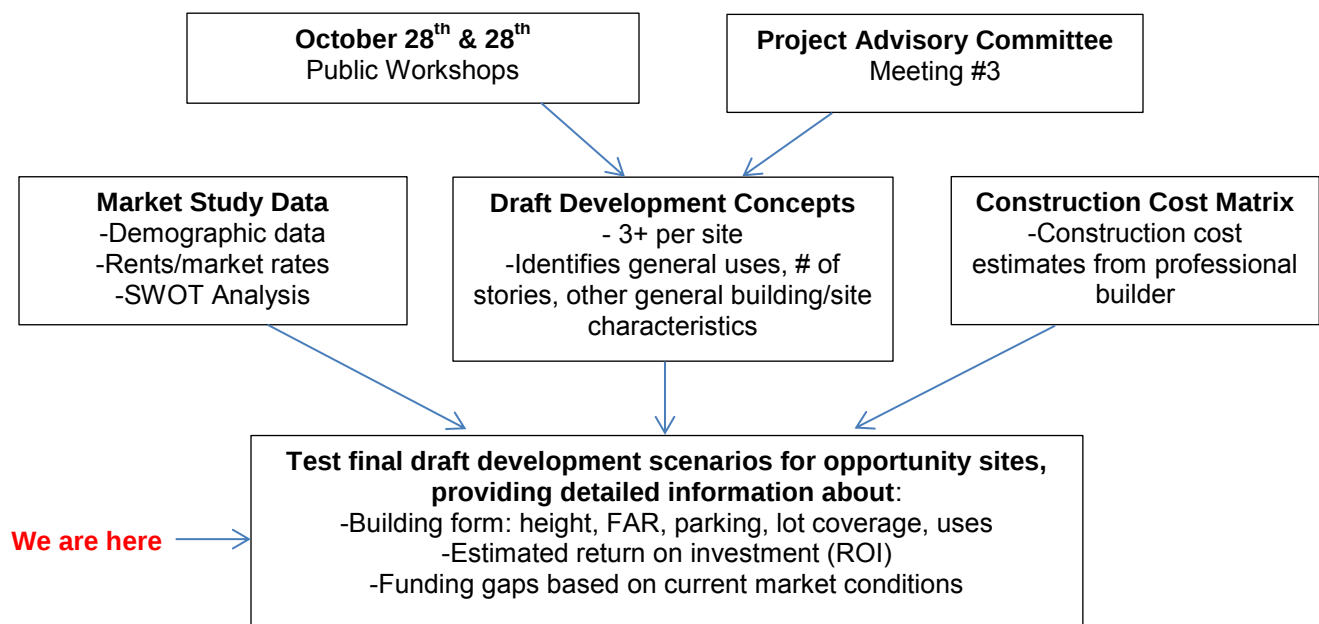
- **May 28, 2013:** The Planning Commission and Design and Landmarks Committees were briefed on the final recommendations of the *Fresh Look Milwaukie: Downtown Road Map* project.

B. Opportunity Site Development Concepts

There are seven opportunity sites in the MFM project, known as the Texaco Site, Cash Spot Site, Dark Horse Site, Graham Building, Triangle Site, Murphy Site, and McFarland Site. These sites were chosen for their potential to catalyze new development in downtown and central Milwaukie and the willingness of the property owners to participate in the project.

Ultimately, the project consultants will create three development concepts for each of the seven sites and analyze the financial feasibility of each concept (e.g. whether the development will “pencil out.”) This analysis will inform the recommendations of the *Downtown and Central Milwaukie Action and Implementation Plan* and identify the policy, regulatory, and financial tools and actions the City may need to consider to realize short- and medium-term development on the opportunity sites.

The creation of the development concepts is illustrated by the graphic below:



C. Feasibility of Opportunity Site Development Concepts

The next step in the refinement of the draft development concepts is examining the financial feasibility of each through financial pro forma analysis and the Envision Tomorrow tool. The Envision Tomorrow tool is an analysis tool developed by Fregonese Associates, a member of the Moving Forward Milwaukie project team, for testing the physical and financial feasibility of development. It allows examination of the current development market and considers the impact of on-site parking, minimum and maximum height requirements, construction costs, rents, and subsidies. The construction costs that are input into Envision Tomorrow are based on a construction cost matrix. This matrix is based

on current construction costs for various construction types and finishes, and is prepared by a commercial developer.

A major goal of the MFM project is to encourage commercial development and explore what the City may need to do to realize (and/or support) commercial development. The expected benefits of encouraging this commercial and mixed-use development are building the City's tax base, making Milwaukie's commercial areas more active and attractive to residents and visitors, and encouraging commercial growth in areas that are accessible by a variety of transportation modes.

In December and January, the project team created draft concepts incorporating feedback from the Project Advisory Committee; technical resources group; property owners; staff; and developers. The team then refined the concepts with input from Council, and began testing the financial feasibility and market demand for each of the draft concepts.

C. Next Steps

The project team will present the refined draft concepts to Council at its February 18 worksession. Council feedback will be incorporated into the draft concepts, three for each opportunity site, which will be presented to the public on March 6, 2014. The third round of concepts will include detailed development cost and financing information (the pro forma); an evaluation of policy and regulatory revisions that would be required to allow development of the concepts; and a discussion of the tradeoffs of those revisions.

Once Council has incorporated public comments from the March 6, event and identified the preferred concept for each site, the project team will create a development package that includes detailed building characteristics, financial pro formas, and 2-D photorealistic visualizations. These materials will be ready for distribution to potential developers and brokers.

The recommendations identified through the development concept process (policy, regulatory, and financial) will be incorporated into a *Downtown and Central Milwaukie Action and Implementation Plan*, which will be reviewed with Council and the Planning Commission in the spring.

ATTACHMENTS

Attachments are provided as indicated by the checked boxes. All material is available for viewing upon request.

	PC/DLC Packet	Public Copies	E- Packet
1. Draft Development Concepts, dated January 10, 2014	☒	☒	☒
2. Absorption Analysis, dated January 17, 2014	☒	☒	☒
3. Draft Development Concepts – Preliminary Feasibility Analysis	☒	☒	☒

Key:

PC/DLC Packet = paper materials provided to Planning Commission and DLC 7 days prior to the meeting.

Public Copies = paper copies of the packet available for review at City facilities and at the Planning Commission meeting.

E-Packet = packet materials available online at <http://www.milwaukieoregon.gov/planning/planning-commission-97>.



DATE: January 10, 2014

ECO Project #: 21485

TO: Milwaukie City Council

FROM: ECONorthwest

SUBJECT: MOVING FORWARD MILWAUKIE – REFINED POTENTIAL DEVELOPMENT CONCEPTS

The Moving Forward Milwaukie project includes the identification of three draft development concepts for each of seven opportunity sites in Downtown and Central Milwaukie. The development concepts will be modeled using Envision Tomorrow software, and will include site diagrams, building programs, illustrations/visualizations, and financial pro formas.

City staff and the consultant team have brainstormed numerous potential development concepts, which were developed based on conversations with key stakeholders, the public, and the Project Advisory Committee (PAC) and presented them to Council at its December 3, 2013, worksession. The project team has taken Council input, met with the property owners, and refined the list based on that feedback.

The project team is seeking direction from City Council to confirm or change the three draft development concepts. Following the January 21 worksession, the three preferred options will be refined (including a site plan, massing study, code evaluation, and pro forma evaluation) and presented to Council on February 18 and to the community at an early March public event for public feedback and selection of the preferred concept for each site.

Notes about the concepts:

- Unless specifically stated otherwise, each concept will include on-site parking.
- All of the concepts have been reviewed by the property owners, with the exception of the Graham Site.

Texaco Site

The Texaco site is comprised of two tax lots of (almost) equal size. The western tax lot, fronting McLoughlin Blvd, is owned by Metro and was purchased with state funds in 2006 in anticipation of a joint development with the City. The eastern tax lot, fronting Main St, is owned by the City. The options below include half block and full block concepts.

Figure 1. Texaco site boundary options



Top three options

1. Full block: four stories – ground floor commercial, residential above. U-shaped building with open space in the U.
2. Two buildings, each on ½ block, with some ground-level open space:
 - Western parcel. Four stories – ground floor commercial, residential/office above. Fourth floor is set back.
 - Eastern parcel. Three stories – ground floor commercial, residential/office above. Third floor is set back.
3. Two buildings, each on ½ block, sharing a full-block one-story podium with ground floor tuck under parking:
 - Western parcel. Five stories – ground floor commercial, residential or office above.
 - Eastern parcel. Three stories – ground floor commercial, residential or office above.

Dark Horse Site

The Dark Horse site is privately owned. The boundary of the site has a few possible options. The original opportunity site boundary included only the properties fronting SE 21st Ave (approximately the eastern 1/3 of the block). There are three existing buildings on this frontage.

The property owner, however, is open to development concepts that would include the adjacent surface parking lot (as long as that parking is replaced), as well as development concepts that include the other Dark Horse-owned properties on the block. These alternative site boundaries are shown below in Figure 2.

Figure 2. Dark Horse Site boundary options



Source: ECONorthwest, 2013

Top three options

Note that for all three concepts, for ground floor commercial spaces not located on Main Street, we will explore the possibility of initially allowing residential uses in these spaces, to be converted to commercial uses at a later date, when supported by market conditions.

1. Boundary #1 - Three stories, live/work units
2. Boundary #2 – Four stories, ground floor commercial residential above.
3. Boundary #3 – two buildings.
 - Building 1. Adaptive reuse of existing Dark Horse office on NW corner of block. Primary intent is to remodel the ground floor for commercial use.
 - Building 2. New development on Boundary #2. Four stories, ground floor commercial with office above. The primary intent is to allow Dark Horse to consolidate their operations all onto one block (albeit, two separate buildings), potentially with room to grow, and to minimize disruption to Dark Horse from remodel of the ground floor of their existing offices.

Graham Site

This site is also privately owned, and contains an existing building. Options include both retention and demolition of existing building on site, and assume no on-site parking.

Figure 3. Graham Site boundary



Top three options

1. One story – adaptive reuse of existing building for commercial use (such as a restaurant); utilize existing parking lot for the adjacent commercial use (e.g. patio seating). This concept will explore the possibility of including a rooftop patio, assuming it is structurally feasible.
2. Three stories – new development, ground floor commercial with residential above.
3. Three stories – new development, rooftop restaurant/bar, with ground floor commercial and other stories as commercial/office.

Cash Spot Site

For all Cash Spot site development concepts (unless otherwise noted), the number of stories refers to the building height at Main Street level, and ground floor refers to use on Main Street. The site is comprised of four tax lots covering almost an entire block. The northeast corner of the site is privately-owned and is not included in the proposed concepts. The options below include half block and full block concepts.

Figure 4. Cash Spot image



Top three options

1. Three stories on Main St, four-five stories on McLoughlin Blvd– ground floor commercial with office above and **structured parking below**. Potential for rooftop restaurant/bar.
2. Half-block building fronting Main St, no development on McLoughlin Blvd. Building on Main Street would be three stories with ground floor commercial with office above; **“tuck under” parking below**. **Interim surface parking** on McLoughlin frontage, to be developed as a second phase. No structured parking. Potential for rooftop restaurant/bar.
3. Multiple buildings of various heights (up to three stories) with **no onsite parking**. Multifamily residential with ground floor commercial. Buildings would be shorter on the western side of the site, and taller on the eastern side, maximizing views of the river.

Triangle Site

The Triangle site is fairly level, with the ground floor at grade on its SE 21st Ave frontage. The light rail station platform to the west of the site is elevated and would be level with the second story of a building. An additional platform could be constructed as part of the development on this site, but is not assumed. No off-street parking is assumed in these development concepts.

Figure 5. Triangle Site boundary



Top three options

1. Two stories – ground floor commercial, office above.
2. Three stories – ground floor commercial, residential above.¹
3. One story – commercial (“tall” building with high ceilings)

¹ Note that we will run a similar option in Envision Tomorrow, looking at a four-story building, to determine the financial impact of developing four vs three stories, all else being equal.

Murphy Site

This site is a large, mostly vacant parcel (~7 acres). Development options on this site assume multiple buildings and inclusion of streets or drive aisles providing access to the buildings.

Figure 6. Murphy Site boundary



Initial Concepts

Ultimately, we anticipate this site will develop with a mix of uses, described below in the “top three options.” For the initial analysis, however, we are evaluating single-use concepts. This allows us to identify how much of a given product could be accommodated on the site, and what the financial feasibility of each use is. Later, we will create refined concepts showing a mix of uses. These refined concepts will also include:

1. Internal circulation
2. Access points to the site
3. Massing studies along Harrison & 32nd

Top three options

1. One – four stories – Mixed-use
 - Senior housing (multifamily residential) to the north
 - Medical offices along street frontages and/or interior of site
 - Small office and/ or commercial component on ground floor along Harrison St and 32nd Ave frontages
2. One - five stories - Mixed-use
 - Multifamily residential to the north

- Mixed-use residential with ground floor commercial along Harrison St and 32nd Ave
 - Office
3. One – three stories - Mixed use
- Flex space² (one story)
 - Ground floor office and/or commercial on Harrison St and 32nd Ave
 - Multifamily residential (optional)

McFarland Site

This site is a large, mostly vacant parcel (~7 acres). Development options on this site assume multiple buildings and inclusion of streets or drive aisles providing access to the buildings. Project staff has learned that contamination issues on the fenced-off SE corner (~2.5 acres) of the site would require mitigation that would make residential development prohibitively expensive. Other uses may involve mitigation, but not to the same level as required for residential uses. The options below reflect this limitation on residential uses.

Figure 7. McFarland Site boundary



Initial Concepts

Ultimately, we anticipate this site will develop with a mix of uses, described below in the “top three options.” For the initial analysis, however, we are evaluating single-use concepts. This

² Flex space is a type of building designed to be versatile and which may contain a combination of office, research and development, wholesale, light industrial, warehouse, and/or distribution uses.

allows us to identify how much of a given product could be accommodated on the site, and what the financial feasibility of each use is. Later, we will create refined concepts showing a mix of uses. These refined concepts will also include:

1. Internal circulation
2. Access points to the site
3. Massing studies along Oak, Monroe, and 32nd

Top three options

1. One - five stories - Mixed-use
 - Multifamily residential (no residential on SE Parcel with contamination issues)
 - Mixed-use, residential above ground floor commercial along Monroe St (NW Parcel)
 - Office along street frontage of SE Parcel and interior
2. One - four stories - Mixed-use
 - Multifamily residential (no residential on SE Parcel)
 - Mixed-use, residential above ground floor commercial
 - Office
3. Max height of three stories - Mixed use:
 - Multifamily residential (no residential on SE Parcel)
 - Live/work units along Monroe and/or 37th Ave
 - Flex on SE Parcel



DATE: January 17, 2014

ECO Project #: 21485

TO: Milwaukie City Council

FROM: Nick Popenuk, ECONorthwest

SUBJECT: MOVING FORWARD MILWAUKIE: ABSORPTION ANALYSIS

Overview

The Moving Forward Milwaukie project is in the process of creating and testing development concepts. These are prototype buildings that could be developed on the seven opportunity sites identified in Downtown and Central Milwaukie. We will be discussing these draft concepts with City Council at the Council Work Session on January 21.

At a previous City Council meeting, members of the Council requested information on future absorption of different uses. This absorption analysis is intended to provide context for the City Council as they consider the draft development concepts. It will help the Council answer questions like:

- How many units of new retail, office, or industrial space is expected to develop in the City in the future?
- How does each individual prototype compare to the forecast growth citywide?
- How many of these prototypes could reasonably be expected to develop in the short-term, based on the expected future absorption?

Absorption is defined as the net change in the amount of occupied building space. Absorption can be either positive or negative. Positive absorption can come from new construction (and subsequent leasing of the new space), or leasing previously vacant space in an existing building.

Absorption Forecast

Two basic methods are used to forecast absorption. One method is to look at historical trends and extrapolate them into the future. The other method is to use an existing forecast of growth for population or employment and correlate it with absorption. We use both methods (including two variations of the first method) to provide a range of forecasts. This range provides a reasonable estimate of future growth. However, neither method is perfect, and absorption forecasts should be taken with a grain of salt.

Local historical trends

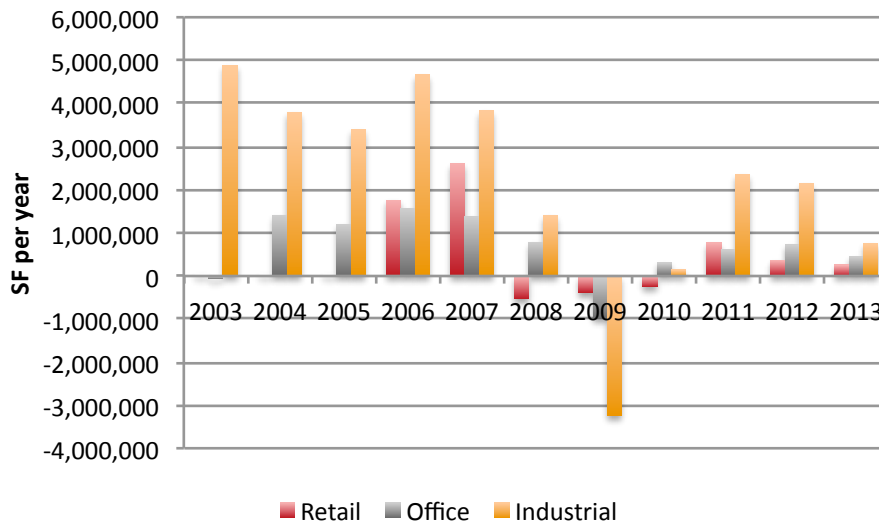
Exhibit 1 shows local historical trends for absorption in the City of Milwaukie. Data was provided by CoStar, which includes data going back to 2003 for office and industrial properties, but only as far back as 2006 for retail properties. Over the past decade the City of Milwaukie has seen average annual absorption of 105,000 square feet (SF) of industrial space, 7,200 SF of office space, and negative 1,700 SF of retail space. One method of forecasting absorption would be to extend these trends into the future.

Exhibit 1. Historical absorption, City of Milwaukie, 2003 to 2013

Calculated by ECONorthwest, with data from CoStar.

Regional historical trends

A variation on this method is to look at regional historical trends. Exhibit 2 shows absorption over the past decade for the tri-county metropolitan region. The metro region experienced average annual absorption of 575,000 SF of retail, 675,000 SF of office, and 2,194,000 SF of industrial space over the past decade.

Exhibit 2. Historical absorption, tri-county metropolitan region, 2003 to 2013

Calculated by ECONorthwest, with data from CoStar.

By extending these recent regional historical trends into the future, we can attribute a share of the regional growth to the City of Milwaukie, to arrive at a different local forecast of absorption. This method can be used to show what would happen if Milwaukie received its “fair share” of growth. To determine the fair share of growth, we used the percentage of regional households that were located in Milwaukie in 2010, which is 1.3%. This results in 7,200 SF of retail space, 8,500 SF of office space, and 27,700 SF of industrial space per year.

Employment forecasts

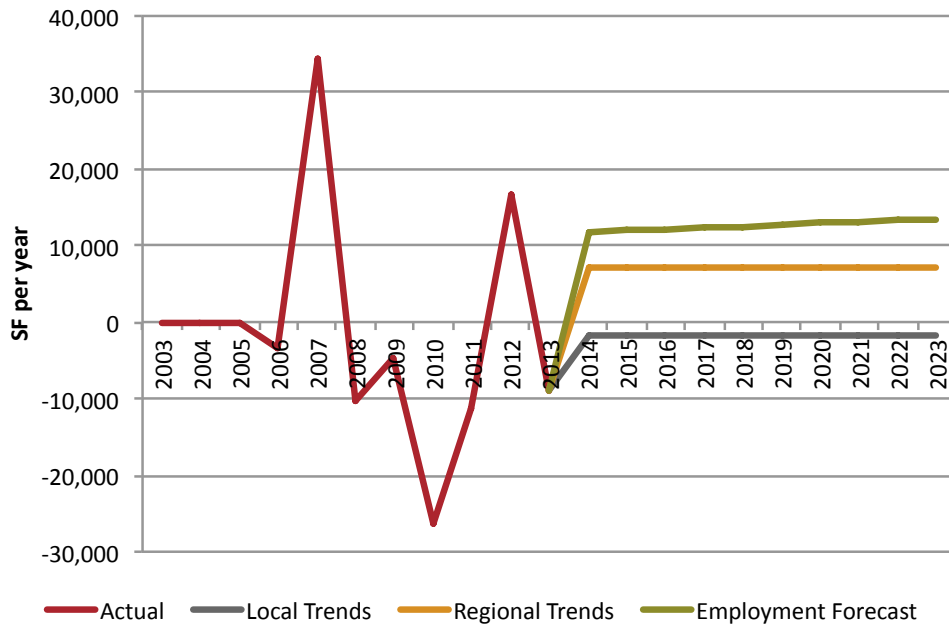
Another method for forecasting absorption is to take an existing forecast for something that is correlated with rentable building area. We used the most recent employment forecasts produced by Metro.¹ Metro’s forecast includes an estimate of Milwaukie employees for 2010, and a forecast for 2025. This forecast calls for average annual growth in employment of 1.3% per year. A subset of this employment growth is retail employment, which is forecast to grow at 1.4% per year. Applying these same growth rates to the existing inventory of retail, office, and industrial space in the City of Milwaukie, we arrive at a third forecast of future absorption. This results in 12,600 SF of retail, 8,500 SF of office, and 74,500 SF of industrial space per year.

Exhibits 3, 4, and 5 show all three forecasts for retail, office, and industrial space for the City of Milwaukie. The legend is the same for each table:

- Actual historical data from CoStar for the City of Milwaukie
- Local Trends shows the historical average for the City of Milwaukie extended into the future.
- Regional Trends shows the historical average for the tri-county region extended into the future with Milwaukie receiving its “fair share” based on the number of households.
- Employment Forecast shows absorption based on the corresponding growth rate for the employment forecast.

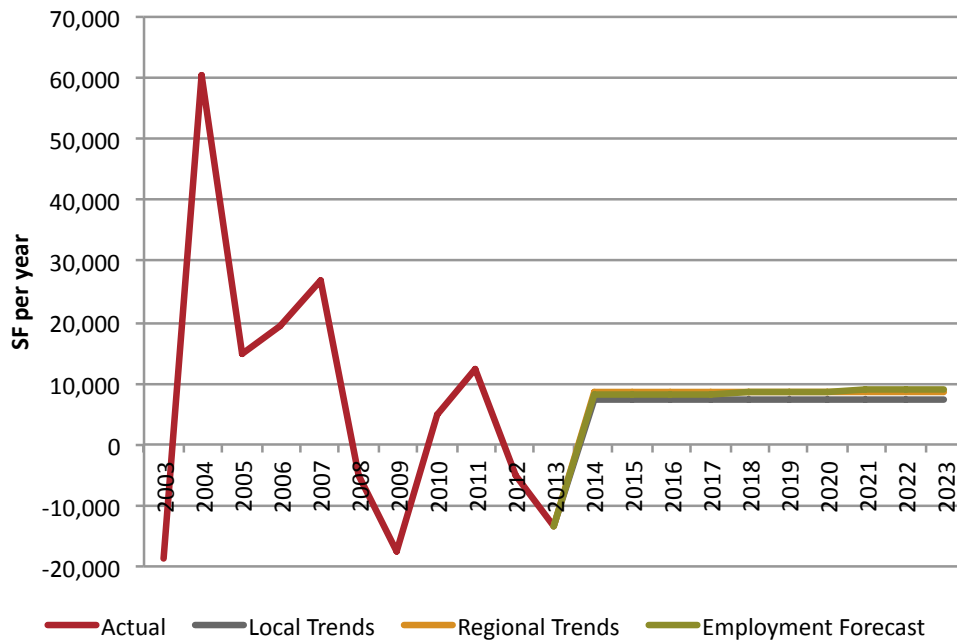
¹ Metro ‘Gamma’ Forecast Distribution Profiles by City and County 2025 / 2035 / 2040. Published 11/2/2012.

Exhibit 3. Historical and forecast retail absorption, City of Milwaukie, 2003 to 2023

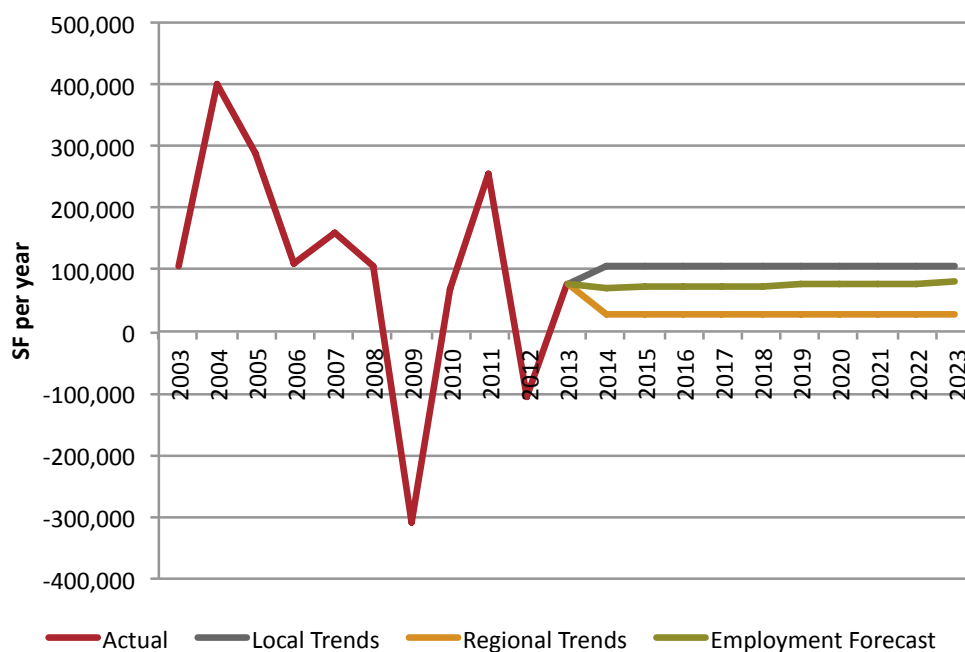


Calculated by ECONorthwest with data from CoStar and Metro.

Exhibit 4. Historical and forecast office absorption, City of Milwaukie, 2003 to 2023



Calculated by ECONorthwest with data from CoStar and Metro.

Exhibit 5. Historical and forecast industrial absorption, City of Milwaukie, 2003 to 2023

Calculated by ECONorthwest with data from CoStar and Metro.

Exhibit 6 summarizes the results of the three forecasts for retail, office, and industrial development. The analysis shows that average annual absorption for retail space should be between -1,700 and 12,600 SF per year. Office absorption should range from 7,200 to 8,500 SF per year, and industrial absorption should range from 27,700 to 104,800 SF per year.

Exhibit 6. Summary of absorption forecasts, City of Milwaukie, average SF per year, 2013 to 2023

Use	SF per year		
	Local Trends	Regional Trends	Employment Forecast
Retail	-1,700	7,200	12,600
Office	7,200	8,500	8,500
Industrial	104,800	27,700	74,500

Source: ECONorthwest with data from CoStar and Metro

Implications for Moving Forward Milwaukie

Note that the forecasts described in this memorandum have limitations. The purpose of the Moving Forward Milwaukie project is to change the paradigm in Milwaukie. The project will identify barriers to development, and create strategies to overcome these barriers. If this is successful, Milwaukie should expect to experience more development in the future than in the past. Even without changes in public policy, Milwaukie may already expect to see different levels of development in the future due to recent investment in light rail. Similar projects have been a catalyst for development elsewhere in the region. Additionally, development is notoriously unpredictable, with boom and bust cycles. One or two big projects could occur

simultaneously that would provide far more new SF of development than is shown in our forecasts, which show average annual SF.

Even with those limitations, the analysis is still instructive for evaluating the development concepts. Some key findings include:

- Future absorption in Milwaukie is likely to come from new development, rather than leasing existing space. Although not mentioned previously in this memo, the Moving Forward Milwaukie Market Study that was completed in Fall 2013 showed that vacancy rates for all types of space in Milwaukie was less than 7%. This is a healthy vacancy rate, and in the long-term, additional absorption is likely to come from new development.
- Office development is likely to occur relatively slowly. All three forecasts arrived at almost the exact same number of SF of office absorption: between 7,200 and 8,500 SF per year. Some of the development concepts we are evaluating call for 50,000 SF or more of office space. Any one of these prototypes would satisfy six or seven years worth of demand for new office space in the Milwaukie Market.
- Demand for retail space is likely to be similar to the demand for office space, however, our three forecasts resulted in a much wider range of potential absorption per year. Over the past decade, Milwaukie has seen negative absorption, as tenants have moved out of the City. While this could continue into the future, Metro's employment projections suggest a different trend that correlates to positive absorption of 12,600 SF of retail space per year.
- Industrial space has been a bright spot for Milwaukie, in terms of recent absorption. In fact the City has been getting more than its "fair share" of industrial absorption.
- All of these absorption forecasts should be taken with a grain of salt. The Moving Forward Milwaukie project has the power to transform Milwaukie. We have seen this happen before in places like Alberta, St. Johns, and Belmont. Successful catalyst projects can trigger a boom of development in the surrounding area, and historical results may not dictate future trends. These forecasts are only one lens that the Council can use as they evaluate the draft development concepts.

ATTACHMENT 3 MFM: Preliminary Development Concepts

Site	Concept	Cost	Return	Potential Risk
Texaco	1. One building. Full block. 4 floors. Residential above ground floor commercial and parking.	Medium	Low	Medium
	2. Two buildings. Each half-block. 3 and 4 floors. Residential above ground floor commercial and parking.	Medium	Negative	High
	3. Two buildings. Each half-block. 3 and 5 floors. Residential above ground floor commercial and parking.	Medium	Low	Medium
Dark Horse	1. Small boundary. 3 floors. Live/work units.	Low	Negative	High
	2. Medium boundary. 4 floors. Residential above ground floor commercial.	Low	Low	Medium
	3. Large boundary. 2 buildings. (a) Rehab of existing Dark Horse office for ground floor commercial. (b) New development, 4 floors, office above ground floor commercial and parking.	Medium	Negative	High
Graham	1. Adaptive reuse. 1 floor. Commercial use.	Low	Medium	Low
	2. New development. 3 floors. Residential above ground floor commercial.	Low	Low	Medium
	3. New development. 3 floors. Commercial/office with rooftop restaurant/bar.	Low	Negative	High
Cash Spot	1. Full block. Structured parking. 2 buildings above. (a) Facing Main, 3 floors, office above ground floor commercial. (b) Facing McLoughlin, 4 or 5 stories, office, rooftop restaurant/bar.	Medium	Negative	High
	2. Tuck under parking. Half-block. One building facing Main. 3 floors. Office above ground floor commercial.	Low	Negative	High
	3. Full block. No parking. One building. 3 floors. Residential.	Low	Low	Medium
Triangle	1. 1 floor. Commercial	Low	Low	Medium
	2. 2 floors. Office above ground floor commercial.	Low	Negative	High
	3. 3 floors. Residential above ground floor commercial.	Low	Low	Medium
	4. 4 floors. Residential above ground floor commercial.	Low	Low	Medium
Murphy	1. Residential. 3 floors.	High	Low	High
	2. Two buildings: (1) Office. 3 floors. (2) Commercial. 1 floor.	High	Negative	High
	3. Flex. 1 floor.	Medium	Negative	High
McFarland	1. Residential. 2 and 3 floors.	Medium	Low	Medium
	2. Two buildings: (1) Office. 3 floors. (2) Commercial. 1 floor.	High	Negative	High
	3. Flex. 1 floor.	Medium	Negative	High

Definitions:

- Cost: Total development cost including hard, soft, and contingencies.
- Return: Internal Rate of Return assuming sale in year 10.
- Potential Risk: Combination of cost and return - e.g. High Cost and Negative Return = High Risk.

Notes:

- All numbers are preliminary based on early drafts. These numbers will change as key assumptions are refined.
- Some prototypes that were modeled do not exactly match the narrative descriptions.

Legend			
	Cost	Return	Potential Risk
Negative Low Medium High	N/A	<0%	Qualitative Assessment
	< \$10M	0-10%	
	\$10-25M	10-15%	
	> \$25M	>15%	