

**CITY OF MILWAUKIE
CITY COUNCIL WORK SESSION
FEBRUARY 1, 1999**

Mayor Tomei opened the work session at 5:30 p.m. in the Public Safety Building Community Meeting Room.

Present were Councilors Kappa, King, Lancaster, and Marshall.

Staff Present: City Manager Bartlett; Assistant City Managers Bennett and Richards; Finance Director Gehlen; and Associate Planner Gessner.

Auditor Chuck Swank, Grove, Mueller, Hall & Swank, CPA.

Functional Plan Steering Committee Members Molly Jo Hanthorn and Ed Zumwalt.

Park and Recreation Board Members: Sandy McCune, Darlene Walsh, Sharon Van Horn, and Don McCarty.

Information Sharing

1. The group discussed developing a citizen recognition policy.
2. **Councilor King** announced the Johnson Creek Watershed Summit and policy-making meeting on February 8. The group hopes to develop a memo of understanding between the various jurisdictions in the watershed.
3. **Councilor King** announced the opening of a housing facility for singles on the order of the Annie Ross House.
4. **Councilor King** provided newsletter samples and suggested looking at an alternate paper to reduce costs.
5. The group discussed upcoming meetings: February 3 and 10 Strategic Directions; February 19 and 20 League of Oregon Cities Elected Officials Workshop; and February 24 Customer Service Training with Bud Kass. Councilor King indicated she would not be available on the 24th, and Councilor Lancaster was concerned he might not be available for the February 16 Council meeting.
6. **Councilor Kappa** asked the purpose of the Functional Plan Compliance work session, and **Bartlett** indicated it was for the purpose of providing staff direction.

7. **Mayor Tomei** noted a meeting with Karl Rhode, Clackamas Cities representative to Joint Policy Advisory Committee on Transportation (JPACT), to discuss the group's position.
8. **Councilor King** asked for clarification regarding a quorum of Councilors attending a meeting such as JPACT. **Bartlett** responded that if someone perceived a quorum moving toward deliberation at such a meeting, that person could file a complaint with the Government Standards and Practices Commission alleging an open meetings law violation. Normally, the jurisdiction hosting a meeting is responsible for the public notice.

Councilor Kappa noted that many Council members are on overlapping committees and are invited to provide an opinion. **Bartlett** said jurisdictions are most effective when speaking with one voice and one person is trusted to speak for the agency. **Mayor Tomei** agreed that the Council needed to discuss issues, reach consensus reached, and designate a person to speak for the group.

9. **Councilor Lancaster** provided an article on the success of small towns in promoting seasonal events.
10. **Councilor Lancaster** referred to the Community Development Block Grant information and asked if Milwaukie's School Trip Safety Program would be funded. **Bartlett** felt the projects would be fully funded.
11. **Councilor Lancaster** asked if staff had a response to his earlier question about *Rogue Valley Realtors vs. City of Ashland* and potential impact to the City's flaglot ordinance. **Councilor Marshall** did not believe the situations were related. **Bartlett** did not believe any amendments to the City ordinance would be necessary.
12. **Councilor King** announced she had volunteered to be the Festival Daze entertainment co-chair and was hoping to find ways to involve Neighborhood District Associations (NDA) and youth.
13. **Councilor King** noted the Problem Solving Partnership (PSP) had completed it process, and a project report would be available. Milwaukie Together! may agree to act in a clearinghouse capacity to continue some of the PSP projects.
14. The group discussed attendance at an upcoming Joint Policy Advisory Committee on Transportation (JAPCT) meeting.

Comprehensive Annual Financial Report for Fiscal Year 1997 - 1998

Gehlen introduced Chuck Swank, Grove, Mueller, Hall & Swank, CPA. **Swank** provided an overview of Milwaukie's Comprehensive Annual Financial Report for the fiscal year ending June 30, 1998. The City's general purpose financial statements accurately reflected Milwaukie's financial position in a manner consistent with generally accepted accounting principles. He reviewed the auditor's comments and disclosures required by Oregon Administrative Rules.

Councilor Kappa commented that the format seemed more difficult to read than previous CAFRs.

Bartlett said there has been a recent effort to be consistent with private sector reports.

Councilor Lancaster referred to CAFR page *vi* and asked for clarification of the term "operating transfers."

Bartlett said operating transfers are generally monies charged to one fund that go to the benefit of another. For example, clerical services should be charged to those who receive the benefit.

Swank referred to CAFR page 19 and discussed circumstances under which money is moved from one fund to another.

Bartlett added specific reasons for transfers have included School Trip Safety Program projects, riverfront property purchases, and administrative services.

Councilor Lancaster referred to CAFR page 63 and commented that rates, with the exception of Tri-Met and Metro, have gone down.

Bartlett said these are pass through costs over which the City has no control, and each entity files with the Clackamas County tax assessor based on voter approved rates.

Councilor Lancaster referred to CAFR page 74 and the comment on the adequacy of collateral securing depository balances.

Swank said the State of Oregon requires that funds not exceed FDIC, and, during the audit, it was noted that Milwaukie had exceeded that insured balance a couple of times during the fiscal year.

Councilor Marshall asked who was responsible for monitoring the balance. He felt it would be difficult for the City to do so.

Swank said banks have little capability to monitor these balances.

Bartlett said the City can normally anticipate payments and deposits and monitors to legally comply with state regulations.

Councilor Lancaster observed that the extremely low indebtedness spoke very well for the City of Milwaukie.

Councilor Kappa asked if a cover page could be prepared to explain the document.

Bartlett said the City normally prepares a "popular" version for the public.

Councilor Marshall commented that 3% indebtedness seems to put the City in a very good position, and **Bartlett** said the state establishes a 3% debt limit of the true cash value of property within a city's boundaries.

The group appreciated Gehlen's responses and target completion dates to the auditor's comments.

Functional Plan Compliance Report

Gessner updated the City Council on the Functional Plan Compliance process. He discussed issues that arose from the postcards that contained language based on Measure 56 requirements and the response from the community. Staff is looking at ways to improve communication in the future by using the City newsletter and Neighborhood District Association (NDA) meetings. About 150 concerned residents and property owners attended the January 26 Planning Commission hearing, and he felt many questions were answered. Staff will look for a vehicle to provide more information on the actual changes in future notifications.

M. Bennett said staff would look at staging and phasing these land use actions to reduce expenses. There will likely be another series of hearings in the fall, so staff will look for a way to balance not only costs of the notice itself, but also how to enhance public relations and staff time commitment.

Gessner reviewed the hearing schedule: Planning Commission on February 9 at St. John's Episcopal and the City Council on February 16 at the Milwaukie Center.

Mayor Tomei asked if liaisons would present information at the NDA meetings, and **Bartlett** responded that due to the technical nature of the Plan, it would be more appropriate for a Planner to answer questions.

Councilor King thought the information sheet mailed with the water bills explaining how the storm water fees were used was excellent. She asked if Measure 56 information could be sent with the utility bills.

Bennett said Measure 56 notices are required to go to property owners, so including them with the water bill would supplement but not replace direct mailings.

The group discussed the 500 square foot size limit of an accessory dwelling unit and related parking issues.

Councilor Kappa referred to Title 4 restrictions and asked for information on home occupations and parking requirements.

Gessner said home occupation revisions are not required to comply with the Functional Plan, and generally these types of businesses should have minimal impact on the neighborhood.

Councilor Marshall appreciated home occupations to a certain degree, but he was concerned about possible neighborhood disruptions. He recommended dealing with that issue now, and **Councilor Kappa** agreed.

Gessner discussed minimum and maximum parking requirements. There is no specific prohibition on the number of people coming to a home occupation site. The standards are very subjective and, if limited, would result in limiting home occupations.

Councilor Marshall discussed establishing criteria for the term "outward appearance of doing business." People wishing to establish a home occupation would know what is expected of them by the community.

Councilor Lancaster felt it might be preferable to be objective at this point and look at how neighbors are affected on a case-by-case basis.

The group agreed it would be appropriate to include language that better defines home occupation standards. **Gessner** said he would research other cities' ordinances.

Councilor King asked when Milwaukie would be redesignated as a Town Center, and **Gessner** responded when the Metro Council accepts the request.

Milwaukie Neighborhood Request for Fiscal Year 1999 - 2000 Parks District Funding

Richards provided the City Council with a list of priority projects and briefly summarized the information presented by Park and Recreation Board (PARB) members at the January 19, 1999, Council work session. The Board identified, in descending priority, skate board park/youth center; all age recreation activities; parks land acquisition; waterfront and Elk Rock Island; bike, pedestrian, and connecting trails; and wetlands and open spaces. The purpose of the work session was to get Council direction on these priorities, prepare a resolution for adoption, and forward the list to the North Clackamas Parks and Recreation District (NCPRD) to include in its budget deliberations.

Councilor Kappa asked if there was any thought of involving the North Clackamas School District Board in some of the project. He saw three potential partners in the skateboard park/youth center project.

Richards responded that partnering and funding options were under discussion. She suggested the resolution contain a priority to expand volunteer opportunity awareness.

Council agreed that parks land acquisition should be given a higher priority.

Councilor Kappa suggested the youth center/skateboard park as the second priority.

Walsh said the Board had considered co-priorities but was concerned about taking on concurrent projects.

Councilor Lancaster agreed there should be a balance, but land acquisition could take decades.

Mayor Tomei felt land acquisition for trails could be done concurrently, and **Richards** suggested trails and wetlands be elements of property acquisition rather than standalone items.

Mayor Tomei concurred that Elk Rock Island should be annexed into the City. She also suggested the waterfront priority be held over for a year until the consultant and Riverfront Board have had a chance to assess redevelopment possibilities.

The group discussed the Milwaukie outdoor pool and its long-term viability.

2090

Councilor Marshall noted the success of the youth center pilot project. He recommended setting up a non-profit entity, involving youth, and seeking grants to maintain momentum on the project. Some person or entity needs to take the lead and provide continuity.

Van Horn added that Oregon City donated three acres of land near the McLoughlin Boulevard McDonald's for possible skateboard park. The site is centrally located and is easily accessible by public transportation.

The group agreed it would be preferable to partner on this project, and **Councilor Kappa** suggested speaking with Milwaukie Together!

Fee Increase

Bartlett discussed the proposed fee increases that the City Council would consider at its regular session on February 2, 1999. The 1995 Cost of Service Study provided the basis for charging these fees with a 50-60% cost recovery. Most of the proposed increases were about 10%.


Councilor Marshall suggested the City move toward 100% recovery to help fund needed projects. The public, he added, does not want to subsidize special needs.

Bartlett recommended a new study be budgeted in 2000 so future fee increases would not be challenged. If approved in the 1999 - 2000 budget, the study could probably start in September and take about 90 - 100 days to complete.

Councilor Lancaster noted the ancillary benefit of analyzing all of the City systems.

Mayor Tomei announced the Council would meet in executive session pursuant to ORS 192.660.

The work session ended at 8:25 p.m.



Pat DuVal, Recorder

**CITY OF MILWAUKIE
CITY COUNCIL WORK SESSION AGENDA
FEBRUARY 1, 1999**

MILWAUKIE PUBLIC SAFETY BUILDING

Community Meeting Room
3200 SE Harrison

WORK SESSION – 5:30 p.m.

Discussion Topics:

- 5:30 p.m. 1. Council Information Sharing (30 minutes)
- 6:00 p.m. 2. Comprehensive Annual Financial Report for Fiscal Year
1997 - 1998 (Gehlen)
- 6:30 p.m. 3. Functional Plan Compliance Report (Heiser)
- 7:30 p.m. 4. Milwaukie Neighborhood Request for Fiscal Year 1999 - 2000
Parks District Funding (Richards)
- 8:30 p.m. 5. Fee Increases (Bartlett)
- 9:00 p.m. Executive Session -- At the end of the work session, the Council
will hold an Executive Session under the authority of Oregon
Revised Statutes 192.660.

The Council may vote in work session on non-legislative issues.

*For assistance/service per the Americans with Disabilities Act (ADA)
dial TDD 786-7555.*



MEMORANDUM

TO: Mayor and City Council
THROUGH: Dan R. Bartlett, City Manager *DB*
FROM: Jan V. Gehlen, Finance Director *JGH*
DATE: January 22, 1999
RE: Comprehensive Annual Financial Report, June 30, 1998

PURPOSE:

For information purposes, review and file the Comprehensive Annual Financial Report (CAFR) dated June 30, 1998 and the October 16, 1998 Management Letter written by Grove, Mueller, Hall & Swank, CPA.

BACKGROUND INFORMATION:

Each year an independent audit firm completes an audit of the general purpose financial statements. Grove, Mueller, Hall & Swank conducted this year's audit of fiscal year ending June 30, 1998. The principal CPA for our engagement was Chuck Swank.

The opinion of the auditor can be found on page 1 in the Financial Section of the CAFR. As you will note, it is an "unqualified" opinion, finding the general purpose financial statements to present fairly, in all material respects, the financial position of the City of Milwaukie.

Along with this official statement, the auditor has provided a management letter to the Council identifying four internal control issues they suggest be addressed. I have prepared responses to those four items outlining our plans for remediating these items. Both documents included with the CAFR for your review.

January 22, 1999

June 30, 1998 Audit

Management Letter Response

1. PURCHASING

Situation: *The City has no formal procedures in place for accepting new vendors. A vendor acceptance policy provides assurance that only approved vendors are being paid.*

Recommendation: *We recommended that a policy of formal vendor acceptance be developed. With such a policy only those vendors which management has formally approved can be utilized.*

Response: **The purchasing policy will be reviewed as a whole, in the fiscal year 2000, with the intention of implementation during mid-fall 1999. Based on the above recommendation, the vendor acceptance process and enforcement will be included in the policy revision.**

2. INTERNAL CONTROL – PAYROLL

Situation: *The payroll clerk enters all the payroll information and also receives the payroll checks and journals from Ceridian. This does not provide for adequate segregation of duties, in that the same individual who remits the payroll information also receives the information.*

Recommendation: *Segregation of duties should be put in place so that payroll information, checks and journals are returned from Ceridian to another individual. The payroll journals should be approved by this separate individual before returning them to the payroll clerk.*

Response: **By placing an internal control checkpoint into the entire payroll process, the City will be reducing the exposure of payroll irregularities. Currently the human resources assistant receives all of the paychecks and pay remittances from the payroll clerk before pay distribution. The assistant verifies that all paychecks and remittances are addressed to legitimate employees. Beginning immediately, Ceridian, the third party payroll-processing vendor, will mail to the attention of the human resources assistance all return journals, pay checks and pay remittances. The assistant will verify accuracy of payee, as before, and forward the necessary information to the payroll clerk.**

By taking this step, any processing irregularities regarding calendar days or payee will be alerted to the human resources assistant, independent of the pay check processing function.

3. INTERNAL CONTROL – CASH RECEIPTS

Situation: *The same individual who generally receives cash at the counter, writes the receipts, maintains numeral accountability of the receipts and reconciles the cash box. This does not provide for adequate segregation of duties.*

Recommendation: *We recommend the tasks be split so that different individuals maintain numerical accountability of the receipts, and reconcile the cash box.*

Response: The City has four main locations for collecting cash. The City Hall location has an employee receipting incoming monies and a separate employee, accounting technician, who reconciles the cash drawer and monitors receipt numbers used and unused. The remaining three locations do have the same employee receipting monies and reconciling the cash drawer at times, however for the most part this is not the case.

All money to be deposited is transferred to an accounting technician at City Hall on a daily basis. The accounting technician verifies the deposit and tracks all receipt numbers.

The City is in the process of upgrading the financial software. By the end of the calendar year 1999, there will be changes in processing of cash receipts, which will better utilize the internal controls, which are features of the software.

4. INTERNAL SERVICE FUNDS

Situation: The Fleet Management Services and Administrative Services Funds both had significant operating deficits. All three internal service funds required operating transfers from other funds.

Recommendation: Internal service funds are intended to operate on a breakeven basis. The charges for services should be review to determine if they are adequate.

Response: The City will review internal service charges and present recommendations that will corrected any deficiencies identified, by the end of the calendar year 1999.



GROVE, MUELLER, HALL & SWANK

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 16, 1998

City Council
City of Milwaukie
Milwaukie, Oregon

In planning and performing our audit of the general purpose financial statements of the City of Milwaukie, Oregon as of and for the year ended June 30, 1998, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The page accompanying this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 16, 1998, on the financial statements of the City of Milwaukie.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with City management, and would be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,


Certified Public Accountants

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Mailing Address • P.O. Box 2122 • Salem, Oregon 97308-2122

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1. *Purchasing*

Situation:

The City has no formal procedures in place for accepting new vendors. A vendor acceptance policy provides assurance that only approved vendors are being paid.

Recommendation:

We recommended that a policy of formal vendor acceptance be developed. With such a policy only those vendors which management has formally approved can be utilized.

2. *Internal Control - Payroll*

Situation:

The payroll clerk enters all the payroll information and also receives the payroll checks and journals from Ceridian. This does not provide for adequate segregation of duties, in that the same individual who remits the payroll information also receives the information.

Recommendation:

Segregation of duties should be put in place so that payroll information, checks and journals are returned from Ceridian to another individual. The payroll journals should be approved by this separate individual before returning them to the payroll clerk.

3. *Internal Control - Cash Receipts*

Situation:

The same individual who generally receives cash at the counter, writes the receipts, maintains numeral accountability of the receipts and reconciles the cash box. This does not provide for adequate segregation of duties.

Recommendation:

We recommend the tasks be split so that different individuals maintain numerical accountability of the receipts, and reconcile the cash box.

4. *Internal Service Funds*

Situation:

The Fleet Management Services and Administrative Services Funds both had significant operating deficits. All three internal service funds required operating transfers from other funds.

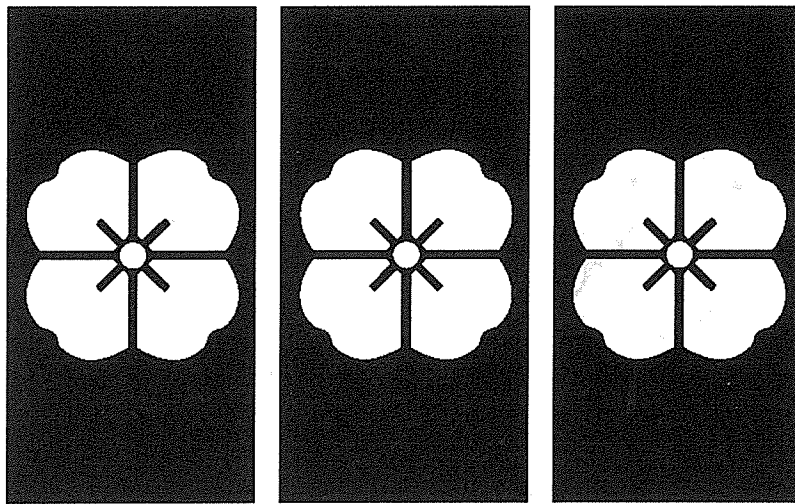
Recommendation:

Internal service funds are intended to operate on a breakeven basis. The charges for services should be reviewed to determine if they are adequate.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 1998**

C I T Y O F



MILWAUKIE

CITY OF MILWAUKIE, CLACKAMAS COUNTY, OREGON

CITY OF MILWAUKIE, OREGON

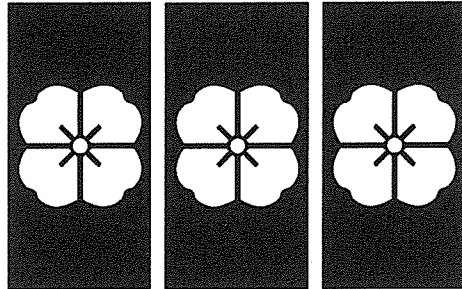
***Comprehensive Annual Financial Report
Year Ended June 30, 1998***

Prepared by

City of Milwaukie - Department of Finance

INTRODUCTORY SECTION

C I T Y O F



MILWAUKIE

Principal Officials
Transmittal Letter
Awards
Organizational Chart

CITY OF MILWAUKIE, OREGON
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MAYOR AND COUNCIL MEMBERS

<u>Name</u>	<u>Term Expires</u>
Mayor Carolyn Tomei 11907 SE 19 th Milwaukie, Oregon 97222	December 31, 2002
Councilman Jeff Marshall, Council President 9901 SE 53 rd Milwaukie, Oregon 97222	December 31, 2002
Councilman Larry Lancaster 10505 SE 55 th Avenue Milwaukie, Oregon 97222	December 31, 2000
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Councilwoman Mary King 9877 SE 33 rd Milwaukie, Oregon 97222	December 31, 2002
Councilman Rob Kappa 12143 SE 38 th Milwaukie, Oregon 97222	December 31, 2000

Dan R. Bartlett, City Manager

O'Donnell, Ramis, Crew, Corrigan & Bachrach, City Attorney



Mayor Carolyn Tomei and Members
of the City Council
City of Milwaukie,
Clackamas County, Oregon

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of the City of Milwaukie, Oregon for the fiscal year ended June 30, 1998. This report was prepared by the City's Finance Department. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and audit comments and disclosures required by state regulations. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The audit comments and disclosures section required by state regulations contains comments made by our auditor with regard to the City's compliance with various laws and regulations.

This report includes all funds and account groups of the City, as well as all organizations which meet the criteria for inclusion in the report as set forth in Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*. The City has no component units.

The City provides a full range of services. These services include police, street construction and maintenance, water reservoirs, wells and water lines, sanitary sewers and storm drainage, library, land use planning and zoning, public improvements and administrative services. The City also provides senior services as well as parks and recreation through an intergovernmental agreement with the North Clackamas Parks and Recreation District. The City contracts for fire protection from Clackamas County Fire District #1.

ECONOMIC CONDITION AND OUTLOOK

Milwaukie was founded in 1847 by Lot Whitcomb. On February 4, 1903 a petition to incorporate as a city was approved by the residents of Milwaukie. The first council meeting was held on June 2, 1903 presided over by William Schindler, the first Mayor. The initial funding for the City came from a \$1.00 donation from each elected city official.

MILWAUKIE CITY HALL
10722 SE MAIN STREET
MILWAUKIE, OREGON 97222
PHONE: (503) 786-7555 • FAX: (503) 652-4433

ECONOMIC CONDITION AND OUTLOOK (Continued)

Since the 1940's the City has experienced significant growth. Much of this growth occurred in the 1960's when the population increased from 9,099 to 15,244. The July 1, 1998 population estimate was 20,220. The City has emerged as an industrial employment center with two major industrial parks. In addition, Milwaukie's central location has attracted major businesses such as Precision Castparts, Oregon Cutting Systems, Inc. (Blount Corp.), and OECO.

The City has expanded its borders through annexations during the last six years. It is expected that further annexations of contiguous unincorporated areas will continue as the residents in these areas request annexation to avail themselves of City services.

Review of the economic statistics presented in the statistical section of this Comprehensive Annual Financial Report shows the growth in population and residential building permits which points to a region with a stable and growing economy. Based on current projections, these trends are expected to continue through the next five years.

THE CITY

The City of Milwaukie, Clackamas County, Oregon is a home rule charter, financially independent entity, governed by an elected Mayor and a four member Council. The City employs 31 police officers, 82 clerical and technical classified employees and 20 department managers, supervisors and otherwise exempt employees. There are collective bargaining agreements with the Milwaukie Police Employees Association, and the Milwaukie Employees Association (Association of Federal, State, County and Municipal Employees Local 350-5, Council 75).

A new tax base was approved by the voters in November, 1996. This new tax base becomes effective with the 1997-1998 fiscal year. The new tax base, which the Oregon Constitution allows to increase six percent per annum, is constrained by the effects of Measure 5, which limits the consolidated tax rate that local governments can charge plus Measure 50 which limits growth in assessed value and places a tax rate limit that can be charged on each parcel of taxed property. The new tax base has been converted to a permanent levy rate of \$6.5383 per thousand. This amount will be applied to the taxable assessed value on the roll. The assessed value growth is limited to three per cent plus any new construction, remodeling, or value increases due to property sales.

MAJOR INITIATIVES

A major focus for the last half of the 1997-1998 fiscal year was addressing the recall of the Mayor and two Councilors. An interim Mayor and Councilors conducted business until new elected officials were seated in April. Day-to-day activities continued during the transition. Limited progress was made toward the previous Council's goals.

The new Council sponsored two major town hall meetings. These were conducted to help define the new direction which citizens wanted the City to pursue. These efforts resulted in a new set of Council Goals. This included a significant effort by Council to expand public involvement in City decision making.

May 1, 1998 saw the retirement of long-time Finance Director, Angus Anderson. Anderson entered the Peace Corps. He indicated that he wanted to make a contribution to humanity before he finally retired. He has been posted in Armenia. He is helping establish civil government financial systems in this spin-off from the former Soviet Union.

Recruitment for a new Finance Director was begun in July 1998, to be completed by January 1999. In the interim, experienced temporary Finance Directors have been working with the City Manager to fulfill the Finance Director's responsibilities.

MAJOR INITIATIVES (Continued)

The City has continued to implement Community Oriented Police Services Plan. A Problem Solving Partnership Grant was obtained to help fund computer upgrades to provide Y2K compliance for police department computers and allow more direct information sharing. A public involvement process will follow this along with an evaluation of the project next fiscal year.

The City continued the process of riverfront land acquisition in accordance with City Council goals. The City now owns a majority of the land between McLoughlin Boulevard and the Willamette River. In addition to that property currently owned by the City, condemnation proceedings are proceeding on parcels adjacent near the river.

The City began processes to review land-use ordinances including mixed-use zoning for the downtown and seeking a Town Center designation for Metro 2040 Plans. Another effort to review flag lot standards has begun with Neighborhood Land-use Chairs. These efforts will be completed in the 1998-1999 Fiscal Year.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

This report has been prepared in accordance with generally accepted accounting principles and follows guidelines recommended by the Government Finance Officers Association of the United States and Canada.

The City's general governmental operations are presented on a modified accrual basis, with revenues being recorded when measurable and available and expenditures being recorded when the goods or services are received. The City's proprietary funds are presented on the accrual basis.

In the development, evaluation and the necessary modification of the City's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against loss from unauthorized use or disposition, and
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- the cost of control should not exceed the benefits likely to be derived, and
- the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City is required by state law to budget all funds. The budgeting process includes citizen input through various stages of preparation, public hearings and adoption of the original budget by the City Council. Additional resources not anticipated in the original budget may be added through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and adoption by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the cost categories. Such transfers require approval by the City Council.

FINANCIAL INFORMATION (Continued)

ACCOUNTING SYSTEM AND BUDGETARY CONTROL (Continued)

Budgetary control is maintained at the fund and/or departmental level by comparison of estimated purchase amounts with adopted appropriations prior to the release of purchase orders to vendors. Purchase orders which could result in an overrun of program balances are not released until additional appropriations are made available.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues for general governmental functions (all governmental funds) on a generally accepted accounting principles basis totaled \$11,491,634 in fiscal year 1998, an increase of 3.7% from last year.

The following schedule presents a summary of general fund, special revenue funds, debt service fund, and capital projects fund revenues for the fiscal year ended June 30, 1998 and the amount and percentage of increases and decreases in relation to prior year revenues:

<u>Revenue Sources</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From Fiscal 1997</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 6,920,464	60.2%	\$ 249,113	3.7%
Fees and charges	1,338,413	11.6	153,486	13.0
Special assessments	-	-	(2,529)	N/A
Licenses and permits	479,653	4.2	58,737	14.0
Intergovernmental	2,103,577	18.3	2,196	.1
Fines and forfeitures	271,327	2.4	14,494	5.6
Miscellaneous revenues	<u>378,200</u>	<u>3.3</u>	<u>(72,411)</u>	<u>(15.3)</u>
<i>Total</i>	<u>\$ 11,491,634</u>	<u>100.0%</u>	<u>\$ 403,086</u>	<u>3.7%</u>

Property tax revenues from 1997 to 1998 increased from \$6,671,351 to \$6,920,464, an increase of \$249,113 or 3.7% from 1997. This compares to an increase of \$136,428 or 2.1% from 1996 to 1997. The City received voter approval in 1996 to renew and increase two expiring serial levies. The increase in tax revenues reflects the impact of these renewed and increased serial tax levies.

In addition to property taxes, the largest signal revenue source for the City, the other revenue sources remained relatively constant with the prior year.

FINANCIAL INFORMATION (Continued)

GENERAL GOVERNMENTAL FUNCTIONS (Continued)

The following schedule presents a summary of General Fund, Special Revenue Funds, Debt Services Fund, and Capital Projects Fund expenditures for the fiscal year ended June 30, 1998 and the percentage of increases and decreases in relation to the prior year amount.

<u>Expenditure Category</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From Fiscal 1997</u>	<u>Percent of Increase (Decrease)</u>
Current				
Community services	\$ 1,468,696	12.0%	\$ 255,936	21.1%
Public safety	8,286,712	67.9	1,917,697	30.1
Community development	649,201	5.3	(3,357)	(.5)
City-wide support	546,504	4.5	58,498	12.0
Capital projects	729,271	6.0	(942,398)	(56.4)
Intergovernmental	72,911	.6	(40,434)	(35.7)
Debt service				
Principal	265,000	2.2	80,000	43.2
Interest	189,118	1.5	(81,197)	(30.0)
<i>Total</i>	<u>\$ 12,207,413</u>	<u>100.0%</u>	<u>\$ 1,244,745</u>	11.4%

Revenues increased 3.7% or \$403,086 from the prior year while expenditures increased 11.4%. The increases in both community services (which includes the library operations) and public safety result from the increase associated with renewal and increase of the supporting serial levies. The decrease in capital projects primarily results from completed street construction and work on the Public Safety Building.

Total unreserved fund balances of the governmental fund types were \$4,396,631 represented by \$2,201,952 for the General Fund, \$1,469,191 for Special Revenue Funds, \$723,725 for the Debt Service Fund, and \$1,763 for the Capital Projects Fund.

ENTERPRISE OPERATIONS

The enterprise funds are used to finance and account for the acquisition, operation and maintenance of City water, sewer and storm sewer facilities. The operations of these funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. Total operating revenues for all enterprise funds were \$4,783,010. Expenses totaled \$4,096,619 resulting in net operating income of \$686,391. Nonoperating income and expenses (including operating transfers) resulted in a total net income of \$231,884. End of year retained earnings for all enterprise funds totaled \$8,760,265.

INTERNAL SERVICE FUNDS

The internal service funds account for the operations of the Fleet Services, Facilities Management and Administrative Services Funds. The operations of these funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. Total operating revenues for the internal service funds were \$3,816,891. Operating expenses totaled \$4,159,255 resulting in a net operating loss of \$342,364. End of year accumulated deficit for the internal service funds totaled \$61,962.

FINANCIAL INFORMATION (Continued)

RETIREMENT PROGRAMS

The City enrolls all employees in the Public Employees Retirement System of the State of Oregon. PERS acts as administrator of this pension plan. In addition, two deferred compensation plans are available for employees. These plans are provided through PEBSCO and ICMA/RC Deferred Compensation.

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group records the investment of the City in general fixed assets. Fixed assets are classified as items costing in excess of \$5,000 and having an expected useful life in excess of one year, which are acquired by purchase, lease purchase, construction and gift. A fixed asset inventory and valuation was completed as of June 30, 1995. During the year capital asset acquisitions totaled \$720,444 and retirements totaled \$572,338. The General Fixed Assets Account Group balance at June 30, 1998 was \$11,667,604.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

All debts of the City that exceed one fiscal year, which are financed with governmental fund types, are recorded in this account group. It does not include proprietary fund debt. Long-term debt primarily consists of general obligation bonds, vested compensated absences and obligations under long-term installment contracts. As of June 30, 1998 accrued vacation amounted to \$183,764, general obligation bonds totaled \$4,370,000, and loan payable totaled \$10,000. A schedule of all obligations of this account group is included in the notes to the financial statements.

DEBT ADMINISTRATION

Total bonded debt to the City includes that debt presented above (accounted for in the General Long-Term Debt Account Group) as well as proprietary fund debt of \$1,235,000. In October, 1997 the existing Water Revenue Bonds, Series 1990 were refunded and the General Obligation Water Serial Bonds, Series 1986 were redeemed. The resultant proprietary fund debt is \$1,165,000.

The City has maintained an A1 rating on general obligation issues from Moody's Investors Service. The ratings awarded by Moody's are Aaa, Aa, A, Baa, Ba, B, Caa, C and Con. Ratings of A1 attached to an issue classifies it as an issue possessing many favorable investment attributes and considered as an upper medium grade obligation. Moody's gives those bonds in the Aa, A, Baa, and B groups, which are considered to possess the strongest investment attributes, a "1" suffix.

CASH MANAGEMENT

The City Council of the City has adopted a formal investment policy. Implementation of this policy through administrative rules and procedures allows the City to maintain a cash management program to maximize the yield on temporarily idle funds. Available investments include the State of Oregon Local Government Investment Pool and U.S. Government securities. For the year, investing earnings totaled \$598,429.

FINANCIAL INFORMATION (Continued)

RISK MANAGEMENT

During fiscal year 1998, the City continued safety awareness programs throughout its operations. The programs include safety committees, training, equipment operation manuals and signs.

The City purchases commercial insurance for all commonly insured risks. All employee groups participate in the cost of medical and dental premiums.

INDEPENDENT AUDIT

The State of Oregon (ORS 297.405 to 297.555) requires an annual audit of the fiscal affairs of the City by independent public accountants selected by the City Council. This requirement has been complied with and the independent auditors' opinion has been included in this report.

AWARDS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Milwaukie for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Milwaukie has received a Certificate of Achievement for the last seven consecutive years. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. I also would like to express my appreciation to the Mayor and City Council of the City of Milwaukie, Oregon, without whose leadership, support and dedication, preparation of this report would not have been possible.

Respectfully submitted,



Dan R. Bartlett
City Manager

Certificate of Achievement For Excellence In Financial Reporting

Presented to

**City of Milwaukie,
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

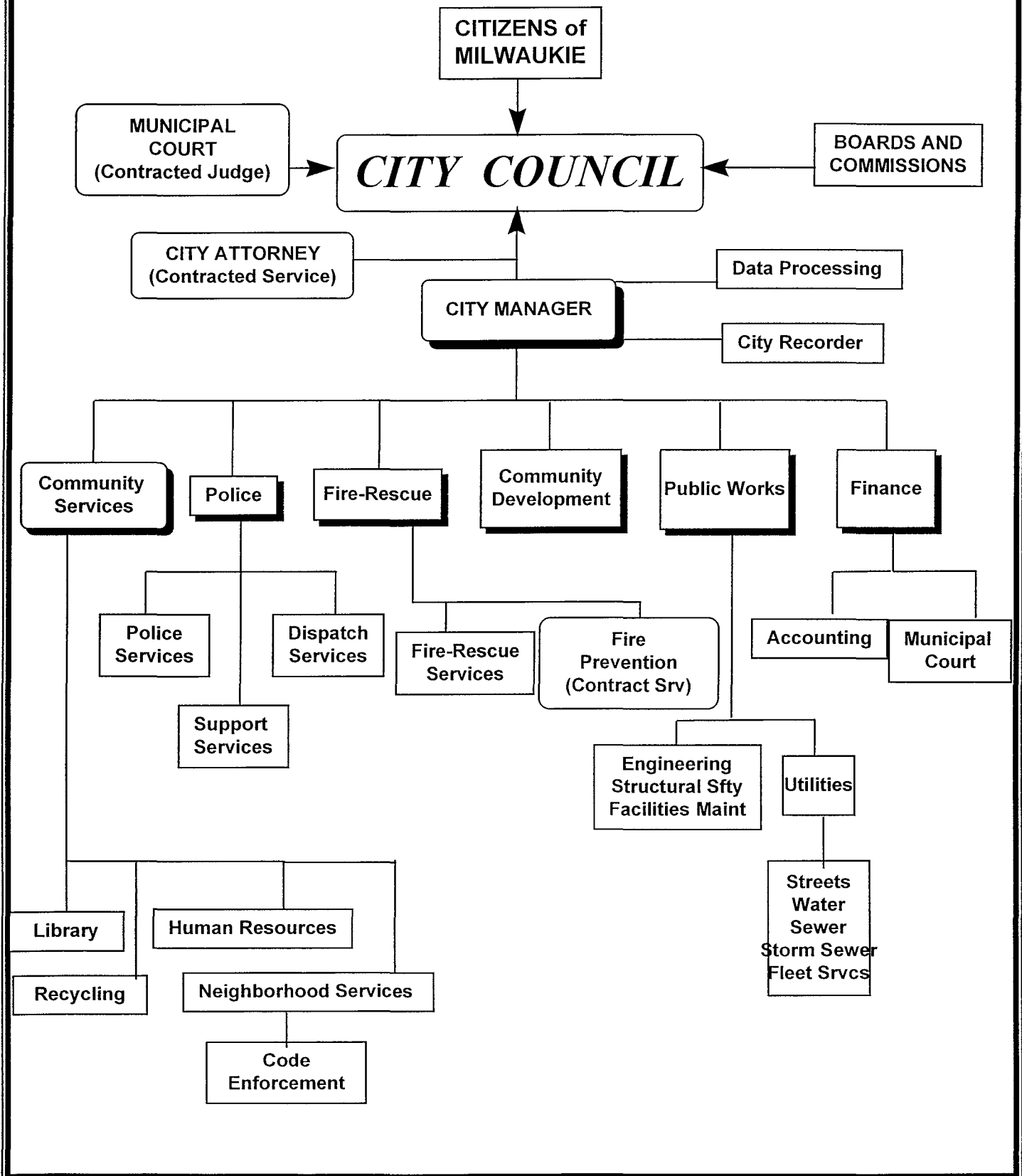
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to Government units and public employee retirement Systems whose comprehensive annual financial Reports (CAFRs) achieve the highest Standards in government accounting And financial reporting.



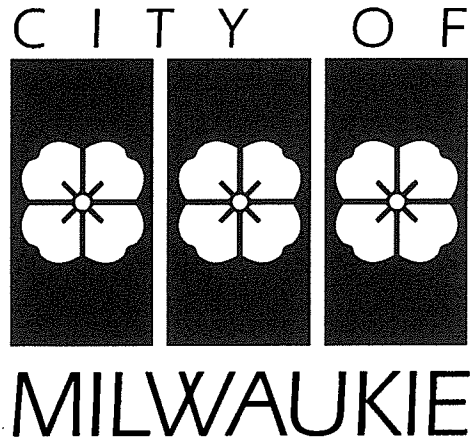
Douglas R. Ellsworth
President

Jeffrey L. Evers
Executive Director

CITY OF MILWAUKIE Organization by Function



FINANCIAL SECTION



Independent Accountants Report
General Purpose Financial Statements
Notes to General Purpose Financial Statements
Combining and Individual Fund Statements
Account Group Statements
Other Schedules



GROVE, MUELLER, HALL & SWANK

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Council Members
City of Milwaukie
Milwaukie, Oregon

We have audited the general purpose financial statements of the City of Milwaukie, Oregon as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.


We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Milwaukie, Oregon as of June 30, 1998 and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group statements and other financial statements and schedules listed as supplementary data in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Milwaukie, Oregon. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report, designated as the "Statistical Section" in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

GROVE, MUELLER, HALL & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Charles A. Swank, A Shareholder

October 16, 1998

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF MILWAUKIE, OREGON
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
ASSETS				
Cash and investments	\$ 2,066,371	\$ 1,546,295	\$ 715,393	\$ 1,757
Accounts and interest receivable	233,861	78,892	3,250	6
Property taxes receivable	355,651	23,084	28,007	-
Assessment liens receivable	43,630	-	-	-
Other receivables	-	-	-	-
Inventory	-	2,910	-	-
Restricted cash and investments	-	-	-	-
Fixed assets, net of accumulated depreciation, where applicable	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided in future years	-	-	-	-
<i>Total Assets</i>	<u>\$ 2,699,513</u>	<u>\$ 1,651,181</u>	<u>\$ 746,650</u>	<u>\$ 1,763</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable and accrued liabilities	\$ 198,965	\$ 160,185	\$ -	\$ -
Deferred revenue	298,596	18,895	22,925	-
Accrued vacation payable	-	-	-	-
Capital lease	-	-	-	-
Coupons payable	-	-	-	-
Contract payable	-	-	-	-
Interest payable	-	-	-	-
Bonds payable	-	-	-	-
<i>Total Liabilities</i>	497,561	179,080	22,925	-
<i>Fund Equity and Other Credits</i>				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings (accumulated deficit)	-	-	-	-
Fund balances				
Reserved for inventory	-	2,910	-	-
Unreserved				
Designated for debt service	-	-	723,725	-
Undesignated	<u>2,201,952</u>	<u>1,469,191</u>	<u>-</u>	<u>1,763</u>
<i>Total Equity and Other Credits</i>	<u>2,201,952</u>	<u>1,472,101</u>	<u>723,725</u>	<u>1,763</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$ 2,699,513</u>	<u>\$ 1,651,181</u>	<u>\$ 746,650</u>	<u>\$ 1,763</u>

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		<i>Totals (Memorandum Only)</i>
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>General Fixed Assets</i>	<i>General Long-Term Debt</i>	
\$ 4,737,011	\$ 751,950	\$ 55,788	\$ -	\$ -	\$ 9,874,565
496,444	32,124	7,949	-	-	852,526
-	-	-	-	-	406,742
63,894	-	-	-	-	107,524
14,346	-	-	-	-	14,346
23,034	34,178	-	-	-	60,122
136,870	-	-	-	-	136,870
12,384,057	1,090,942	-	11,667,604	-	25,142,603
-	-	-	-	723,725	723,725
-	-	-	-	3,840,039	3,840,039
<u>\$ 17,855,656</u>	<u>\$ 1,909,194</u>	<u>\$ 63,737</u>	<u>\$ 11,667,604</u>	<u>\$ 4,563,764</u>	<u>\$ 41,159,062</u>
\$ 887,336	\$ 148,195	\$ 973	\$ -	\$ -	\$ 1,395,654
-	-	-	-	-	340,416
36,005	79,327	-	-	183,764	299,096
-	31,843	-	-	-	31,843
6,470	-	-	-	-	6,470
-	-	-	-	10,000	10,000
16,939	-	-	-	-	16,939
<u>1,165,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,370,000</u>	<u>5,535,000</u>
2,111,750	259,365	973	-	4,563,764	7,635,418
6,983,641	1,711,791	-	-	-	8,695,432
-	-	-	11,667,604	-	11,667,604
8,760,265	(61,962)	-	-	-	8,698,303
-	-	-	-	-	2,910
-	-	-	-	-	723,725
-	-	62,764	-	-	3,735,670
<u>15,743,906</u>	<u>1,649,829</u>	<u>62,764</u>	<u>11,667,604</u>	<u>-</u>	<u>33,523,644</u>
<u>\$ 17,855,656</u>	<u>\$ 1,909,194</u>	<u>\$ 63,737</u>	<u>\$ 11,667,604</u>	<u>\$ 4,563,764</u>	<u>\$ 41,159,062</u>

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF MILWAUKIE, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 1998**

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
REVENUES				
Property taxes	\$ 6,417,369	\$ 43,802	\$ 459,293	\$ -
Fees and charges	1,015,708	322,705	-	-
Licenses and permits	405,475	1,698,102	-	-
Intergovernmental	479,653	-	-	-
Fines and forfeitures	271,327	-	-	-
Miscellaneous, primarily interest	141,428	153,854	82,372	546
<i>Total Revenues</i>	8,730,960	2,218,463	541,665	546
EXPENDITURES				
Current				
Community services	347,002	1,121,694	-	-
Public safety	3,512,029	4,789,514	-	-
Community development	649,201	-	-	-
City-wide support functions	522,586	-	23,918	-
Intergovernmental	58,080	-	-	-
Capital projects	-	716,423	-	12,848
Debt service				
Principal	-	-	265,000	-
Interest	-	-	189,118	-
<i>Total Expenditures</i>	5,088,898	6,627,631	478,036	12,848
REVENUES OVER (UNDER) EXPENDITURES	3,642,062	(4,409,168)	63,629	(12,302)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	2,927,300	-	-
Operating transfers out	(3,207,656)	(16,875)	-	-
Bond procedures	-	-	3,737,227	-
Defeased bonds and related costs	-	-	3,737,227	-
<i>Total Other Financing Sources (Uses)</i>	(3,207,656)	2,910,425	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	434,406	(1,498,743)	63,629	(12,302)
FUND BALANCES, Beginning of year	1,767,546	2,969,702	660,094	14,065
Change in inventory	-	1,142	-	-
FUND BALANCES, End of year	<u>\$ 2,201,952</u>	<u>\$ 1,472,101</u>	<u>\$ 723,723</u>	<u>\$ 1,763</u>

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ 6,920,464
-	1,338,413
-	2,103,577
-	479,653
9,694	281,021
<u>3,086</u>	<u>381,286</u>
12,780	11,504,414
-	1,468,696
5,778	8,307,321
-	649,201
-	546,504
-	58,080
-	729,271
-	265,000
<u>-</u>	<u>189,118</u>
<u>5,778</u>	<u>12,213,191</u>
7,002	(708,777)
-	2,927,300
-	(3,224,531)
-	3,737,227
<u>-</u>	<u>(3,737,227)</u>
<u>-</u>	<u>(297,231)</u>
7,002	(1,006,008)
55,762	5,467,169
<u>-</u>	<u>1,142</u>
<u>\$ 62,764</u>	<u>\$ 4,462,303</u>

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF MILWAUKIE, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (NON-GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Property taxes	\$ 6,272,165	\$ 6,417,369	\$ 145,204	\$ -	\$ 43,802	\$ 43,802
Licenses and permits	423,040	405,475	(17,565)	33,499	-	(33,499)
Intergovernmental	398,179	479,653	81,474	2,101,722	1,698,102	(403,620)
Fines and forfeitures	211,475	271,327	59,852	-	-	-
Fees and charges	886,300	1,015,708	129,408	280,927	322,705	41,778
Miscellaneous, primarily interest	113,500	141,428	27,928	96,364	153,854	57,490
<i>Total Revenues</i>	<u>8,304,659</u>	<u>8,730,960</u>	<u>426,301</u>	<u>2,512,512</u>	<u>2,218,463</u>	<u>(294,049)</u>
EXPENDITURES						
Current:						
Community services	456,745	347,002	109,743	1,248,022	1,121,694	126,328
Public safety	3,749,901	3,512,029	237,872	5,007,539	4,789,514	218,025
Community development	699,238	649,201	50,037	-	-	-
City-wide support functions	512,302	522,586	(10,284)	-	-	-
Contractual services	-	-	-	-	-	-
Intergovernmental	54,000	58,080	(4,080)	-	-	-
Capital projects	-	-	-	1,698,995	716,423	982,572
Debt service	-	-	-	-	-	-
Contingency	573,861	-	573,861	129,210	-	129,210
<i>Total Expenditures</i>	<u>6,046,047</u>	<u>5,088,898</u>	<u>957,149</u>	<u>8,083,766</u>	<u>6,627,631</u>	<u>1,456,135</u>
Revenues Over (Under) Expenditures	2,258,612	3,642,062	1,383,450	(5,571,254)	(4,409,168)	1,162,086
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	2,927,300	2,927,300	-
Operating transfers out	(3,258,612)	(3,207,656)	50,956	(17,250)	(16,875)	375
<i>Total Other Financing Sources (Uses)</i>	<u>(3,258,612)</u>	<u>(3,207,656)</u>	<u>50,956</u>	<u>2,910,050</u>	<u>2,910,425</u>	<u>375</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,000,000)	434,406	1,434,406	(2,661,204)	(1,498,743)	1,162,461
UNRESERVED FUND BALANCES - BUDGETARY BASIS, Beginning of year						
	<u>1,000,000</u>	<u>1,767,546</u>	<u>767,546</u>	<u>2,900,527</u>	<u>2,967,934</u>	<u>67,407</u>
UNRESERVED FUND BALANCES - BUDGETARY BASIS, End of year						
	<u>\$ -</u>	<u>\$ 2,201,952</u>	<u>\$ 2,201,952</u>	<u>\$ 239,323</u>	<u>\$ 1,469,191</u>	<u>\$ 1,229,868</u>

<u>Debt Service Fund</u>			<u>Capital Projects Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 432,000	\$ 459,293	\$ 27,293	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,048	82,372	54,324	-	546	546
460,048	541,665	81,617	-	546	546
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	23,918	(23,918)	-	-	-
-	-	-	84,700	12,848	71,852
-	-	-	-	-	-
460,603	454,118	6,485	-	-	-
-	-	-	-	-	-
460,603	478,036	(17,433)	84,700	12,848	71,852
(555)	63,629	64,184	(84,700)	(12,302)	72,398
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(555)	63,629	64,184	(84,700)	(12,302)	72,398
623,275	660,094	36,819	84,700	14,065	(70,635)
\$ 622,720	\$ 723,723	\$ 101,003	\$ -	\$ 1,763	\$ 1,763

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF MILWAUKIE, OREGON
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1998

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
OPERATING REVENUES			
Charges for services	\$ 4,653,856	\$ 3,739,913	\$ 8,393,770
Miscellaneous	<u>129,154</u>	<u>76,978</u>	<u>206,132</u>
<i>Total Operating Revenues</i>	4,783,010	3,816,891	8,599,902
OPERATING EXPENSES			
Personnel costs	672,953	1,499,908	2,172,861
Administrative support	697,733	132,696	830,429
Supplies, repairs and services	2,288,245	2,320,637	4,608,882
Depreciation	<u>437,688</u>	<u>206,014</u>	<u>643,702</u>
<i>Total Operating Expenses</i>	<u>4,096,619</u>	<u>4,159,255</u>	<u>8,255,874</u>
OPERATING INCOME (LOSS)	686,391	(342,364)	344,028
NONOPERATING INCOME (EXPENSE)			
Interest income	293,496	35,303	328,799
Interest expense	<u>(61,612)</u>	<u>(3,706)</u>	<u>(65,318)</u>
<i>Total Nonoperating Income (Expense)</i>	<u>231,884</u>	<u>31,597</u>	<u>263,481</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	918,275	(310,767)	607,509
OPERATING TRANSFERS			
Transfers in	33,553	314,106	347,659
Transfers out	<u>(50,428)</u>	<u>—</u>	<u>(50,428)</u>
<i>Total Operating Transfers</i>	<u>(16,875)</u>	<u>314,106</u>	<u>297,231</u>
NET INCOME	901,400	3,339	904,740
RETAINED EARNINGS (ACCUMULATED DEFICIT),			
<i>Beginning of year</i>	<u>7,858,865</u>	<u>(65,301)</u>	<u>7,793,564</u>
RETAINED EARNINGS (ACCUMULATED DEFICIT),			
<i>End of year</i>	<u>\$ 8,760,265</u>	<u>\$ (61,962)</u>	<u>\$ 8,698,304</u>

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF MILWAUKIE, OREGON
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1998

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 686,391	\$ (342,363)	\$ 344,028
Depreciation	437,688	206,013	643,701
Changes in assets and liabilities			
Accounts receivable	(70,024)	(24,268)	(94,292)
Inventory	24,351	(2,464)	21,887
Accounts payable and accrued liabilities	(707,844)	89,047	(618,797)
<i>Net Cash Provided by Operating Activities</i>	370,562	(74,035)	296,527
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	33,553	314,106	347,659
Operating transfers out	(50,428)	-	(50,428)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(16,875)	314,106	297,231
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	(1,287,091)	(154,912)	(1,442,003)
Principal paid on contracts, bonds payable	(92,238)	(30,044)	(122,282)
Disposal of fixed assets	32,416	177,655	210,071
Interest paid	(61,612)	(3,706)	(65,318)
Contribution of capital	100,801	-	100,801
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,307,724)	(11,007)	(1,318,731)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	293,496	35,303	328,799
<i>Increase (Decrease) in Cash and Investments</i>	(660,541)	264,367	(396,174)
CASH AND INVESTMENTS, Beginning of year	<u>5,534,422</u>	<u>487,583</u>	<u>6,022,005</u>
CASH AND INVESTMENTS, End of year	<u>\$ 4,873,881</u>	<u>\$ 751,950</u>	<u>\$ 5,625,831</u>
RECONCILIATION OF CASH AND INVESTMENTS TO COMBINED BALANCE SHEET (PAGE 2)			
Balances per combined balance sheet			
Cash and investments	\$ 4,737,011	\$ 751,950	\$ 5,488,961
Restricted cash and investments	136,870	-	136,870
<i>Total Cash and Investments, End of Year</i>	<u>\$ 4,873,881</u>	<u>\$ 751,950</u>	<u>\$ 5,625,831</u>

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The City of Milwaukie, Oregon is governed by an elected mayor and four council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 1998.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying general purpose financial statements.

Effective January 1, 1998, the City entered into a contract with Clackamas County Fire District #1, a legally separate and independent political subdivision to provide fire protection and emergency medical services to the City. The City retained ownership of facilities and equipment.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, the expendable trust funds and the agency fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise fees, licenses, interest revenue and charges for services. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The proprietary funds are accounted for utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred. The proprietary funds have adopted, under GASB No. 20, to follow FASB pronouncements issued after November 30, 1989, unless they conflict with GASB pronouncements.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Agency funds are custodial in nature (assets equal liabilities) and do not include the measurement of the results of operations.

The basis of accounting described above are in accordance with generally accepted accounting principles.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 1998. Actual results may differ from such estimates.

Total (Memorandum Only) Columns

The Total (Memorandum Only) columns on the general purpose financial statements represent an aggregate of the columnar statements by fund type and account group; they do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data.

Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value, except for deferred compensation plan investments which are carried at market value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool and restricted cash since such amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

The City adopted Governmental Accounting Standards Board Statement No. 31, Accounting and Reporting for Certain Investments and External Investment Pools, effective July 1, 1997. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment, that would be the fair value used. The result of adopting the pronouncement is immaterial.

Restricted Cash and Investments

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Such funds are restricted for payment of future debt service on the Water Revenue Bonds. At June 30, 1998 these funds amounted to \$136,870.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Deferred Revenues

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within sixty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Clackamas and Multnomah Counties, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Interest earned on assessments in the governmental fund types is accrued when due and is approximately offset by the related improvement bond interest expenditure which is also recognized when due.

Inventory

Inventory in the proprietary funds is stated at cost (first-in, first-out basis) and is charged to expense as used. Inventory in the special revenue funds is stated at cost (first-in, first-out basis) and is charged to expenditures using the consumption method.

Proprietary Fund Fixed Assets

Fixed assets in the proprietary funds are stated at estimated historical cost in accordance with a June 30, 1998 independent appraisal with subsequent additions at cost. The inventory as of June 30, 1998 resulted in some adjustments to the fixed assets records. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost. Depreciation is computed on assets in service, using the straight-line method over their estimated useful lives:

Building	40 years
Water and Sewer systems	50 years
Storm Drainage system	50 years
Equipment	6 to 12 years
Vehicles	3 to 20 years

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of fixed assets are included in operations.

CITY OF MILWAUKIE, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets

Fixed assets in the General Fixed Assets Account Group are stated at estimated historical cost in accordance with a June 30, 1995 independent appraisal, with subsequent additions at cost. Donated general fixed assets are recorded at fair market value at the date of donation. Fixed assets are charged to expenditures in the governmental fund types as purchased and capitalized in the General Fixed Assets Account Group. Maintenance and repairs of fixed assets are charged to expenditures in the governmental fund types as incurred and are not capitalized. As fixed assets are disposed of, the estimated historical cost or historical cost is removed from this account group; proceeds from sales of general fixed assets are recorded as General Fund other financing sources. Depreciation is not computed on general fixed assets.

Expenditures for public domain fixed assets (streets, sidewalks, curbs and gutters, lighting systems and similar assets) that are immovable and of value only to the City as a governmental unit are reported as expenditures as incurred and are not capitalized.

Leases

Leases which meet certain criteria are classified as capital leases and recorded at the lesser of the present value of minimum lease payments or the fair value of the leased property. For capital leases funded by the governmental fund types, an expenditure equal to the lesser value of minimum lease payments or the fair value of the leased property at the inception of the lease is recorded in the respective governmental fund with an offsetting credit to "other financing sources"; the capitalized lease asset is then recognized in the General Fixed Assets Account Group and the capital lease obligation is recorded in the General Long-Term Debt Account Group. As capital lease payments are made in the governmental fund types, expenditures are recognized in the funds and the capital lease obligation recorded in the General Long-Term Debt Account Group is reduced for the principal portion of the payment. Leases which do not meet the criteria of a capital lease are classified as operating leases. The City's operating leases are not significant.

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded in the General Long-Term Debt Account Group. Repayment of general bonded debt recorded in the General Long-Term Debt Account Group will be made from Debt Service Funds. Payment of vacation liabilities and capital lease obligations in the General Long-Term Debt Account Group will be made primarily from the General Fund, State Gas Tax/Street Repair Fund, Library Services Fund, and Public Safety Services Fund.

Accrued Vacation Pay

Accumulated vested vacation pay is accrued in the enterprise funds as it is earned by employees. In governmental fund types the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded in the General Long-Term Debt Account Group. Sick pay, which does not vest, is recorded in all funds when leave is taken.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Capital

Contributed capital in the enterprise and internal service funds represents the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. Such contributions are recorded directly to contributed capital and accordingly, are not recognized as revenue. The following transactions are recorded in contributed capital in the enterprise and internal service funds:

- Receipts of federal and state grants for acquisition of fixed assets.
- Fixed assets contributed from other funds or the General Fixed Assets Account Group.
- Contributions for the acquisition or construction of fixed assets.
- Sewer and water connection fees to the extent that the fee charged substantially exceeds the cost to connect to the City.

Budget and Budgetary Accounting

A budget is prepared for each fund, except for the Agency Fund, in accordance with the modified accrual basis of accounting for all funds. Appropriations are made at the program/function level for all funds (community services, public safety, community development, city-wide support functions) except the Public Safety Facility Debt Service Fund and the Public Safety Facility Fund (a capital projects fund) which are appropriated by expenditure type (capital projects, debt service). Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. During the fiscal year ended June 30, 1998, several appropriation transfers were made and were approved by the City Council. The budget for the funds includes capital outlay expenditures in each program for capital outlays applicable to that program.

ORGANIZATION AND OPERATION

The City's Financial operations are accounted for in the following funds and account groups:

Governmental Fund Types

General Fund

The General Fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state and county shared revenues. Primary expenditures are for police protection, public works and general government.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds

The special revenue funds account for revenue derived from specific tax or other earmarked revenue sources, including state gas tax, grants and funds set aside to finance particular functions or activities. Funds included in this category are:

- Code Enforcement Abatement Fund
- State Gas Tax / Street Repair Fund
- Bike Path Fund
- Parks and Recreation Fund
- Library Services Fund
- Public Safety Services Fund
- Transportation SDC Fund

Debt Service Fund

The City has one debt service fund, the Public Safety Facility Debt Service Fund. The Public Safety Facility Debt Service Fund accounts for the payment of principal and interest on the Series 1991 general obligation bonds.

Capital Projects Fund

The City has one capital projects fund, the Public Safety Facility Fund. This fund accounts for the construction of the public safety facility.

Proprietary Fund Types

Enterprise Funds

The City has six enterprise funds, four related to sewer activity and two related to the water system. These funds account for the acquisition, operation and maintenance of the municipal sewer and water systems.

Internal Service Funds

The City has three internal service funds, the Administrative Services, Facilities Management and Fleet Services Funds. These funds account for services provided to operating departments and other funds of the City.

Fiduciary Fund Types

Expendable Trust Funds

The City has two expendable trust funds, the Forfeiture Fund and Leona O. Knutson Pioneer Cemetery Fund. The Forfeiture Fund accounts for cash related to criminal activities, which was confiscated by law enforcement officials. The Leona O. Knutson Pioneer Cemetery Fund administers donations for maintenance of the Pioneer Cemetery.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

ORGANIZATION AND OPERATION (Continued)

Account Groups

General Fixed Assets Account Group

This account group accounts for the City's investment in fixed assets, with the exception of those assets recorded in the proprietary funds. Expenditures for the acquisition of general fixed assets are recorded in various governmental fund types; the costs of such assets are capitalized in this account group.

General Long-Term Debt Account Group

This account group accounts for long-term indebtedness not recorded in the enterprise funds which is backed by the full faith and credit of the City.

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as part of "cash and investments."

Cash and investments are comprised of the following at June 30, 1998:

Deposits with financial institutions (bank balance \$681,307)	\$ 116,430
Cash on hand	2,180
Cash held by fiscal agents	73,791
Local Government Investment Pool	<u>9,819,034</u>
	<u>\$ 10,011,435</u>

Cash and investments are shown on the combined balance sheet as follows at June 30, 1998:

Cash and investments	\$ 9,874,565
Restricted cash and investments	<u>136,870</u>
	<u>\$ 10,011,435</u>

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

CASH AND INVESTMENTS (Continued)

Deposits

Deposits with financial institutions include bank demand deposits and time deposit accounts. Deposits are covered by federal depository insurance and collateral held by the City's agent in the City's name. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

Investments

State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state treasurer's investment pool, among others.

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. Investment in the Local Government Investment Pool is not subject to risk classification.

FIXED ASSETS

Fixed assets and related changes therein are as follows:

Enterprise Funds

	<i>Balances July 1, 1997</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 1998</i>
Land and improvements	\$ 817,959	\$ -	\$ 7,342	\$ 810,617
Buildings	564,387	-	-	564,387
Water and sewer systems	15,265,268	999,369	14,623	16,250,014
Equipment	<u>3,150,032</u>	<u>287,722</u>	<u>40,273</u>	<u>3,397,481</u>
	19,797,646	1,287,091	62,238	21,022,499
Less accumulated depreciation	<u>8,230,576</u>	<u>437,688</u>	<u>29,822</u>	<u>8,638,442</u>
	<u>\$ 11,567,070</u>	<u>\$ 849,403</u>	<u>\$ 32,416</u>	<u>\$ 12,384,057</u>

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

FIXED ASSETS (Continued)

Internal Service Funds

	<i>Balances July 1, 1997</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 1998</i>
Vehicles	\$ 1,658,411	\$ -	\$ 134,538	\$ 1,523,873
Equipment	927,214	154,912	319,295	762,831
	2,585,625	154,912	453,833	2,286,704
Less accumulated depreciation	<u>1,265,928</u>	<u>206,013</u>	<u>276,177</u>	<u>1,195,762</u>
	<u>\$ 1,319,697</u>	<u>\$ (51,101)</u>	<u>\$ 177,656</u>	<u>\$ 1,090,942</u>

General Fixed Assets Account Group

Land and improvements	\$ 2,380,044	\$ 695,415	\$ -	\$ 3,075,459
Buildings	7,366,805	11,315	2,184	7,375,936
General improvements	501,760	5,937	17,718	489,979
Equipment	<u>1,270,889</u>	<u>7,777</u>	<u>552,436</u>	<u>726,230</u>
	<u>\$ 11,519,498</u>	<u>\$ 720,444</u>	<u>\$ 572,338</u>	<u>\$ 11,667,604</u>

BONDS PAYABLE

Bond transactions for the year were as follows:

	<i>Outstanding July 1, 1997</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 1998</i>
<i>General Long-Term Debt Account Group</i>				
General Obligation Bonds, Series 1991, with interest rates from 4.7% to 6.25% (original issue \$5,000,000)	\$ 4,315,000	\$ -	\$ 3,645,000	\$ 670,000
General Obligation Advance Refunding Bonds, Series 1997, with interest rates from 4.9% to 4.85% (original issue \$3,765,000)	<u>-</u>	<u>3,765,000</u>	<u>65,000</u>	<u>3,700,000</u>
	<u>\$ 4,315,000</u>	<u>\$ 3,765,000</u>	<u>\$ 3,710,000</u>	<u>\$ 4,370,000</u>
<i>Enterprise Funds</i>				
Water Revenue Refunding Bonds Series 1998 with interest rates from 4.0% to 5.3% (original issue \$1,235,000)	<u>\$ 1,235,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 1,165,000</u>

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

BONDS PAYABLE (Continued)

Enterprise Funds (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 133,080	\$ 75,000	\$ 58,080
2000	135,080	80,000	55,080
2001	131,680	80,000	51,680
2002	133,080	85,000	48,080
2003	134,085	90,000	44,085
2004	134,765	95,000	39,765
2005	130,110	95,000	35,110
2006	130,360	100,000	30,360
2007	130,260	105,000	25,260
2008	134,800	115,000	19,800
2009	133,475	120,000	13,475
2010	131,875	125,000	6,875
	<u>\$ 1,592,650</u>	<u>\$ 1,165,000</u>	<u>\$ 427,650</u>

General Long-Term Debt Account Group

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 443,685	\$ 240,000	\$ 203,685
2000	445,830	255,000	190,830
2001	446,918	270,000	176,918
2002	446,970	285,000	161,970
2003	450,285	300,000	150,285
2004	452,685	315,000	137,685
2005	454,140	330,000	124,140
2006	454,785	345,000	109,785
2007	459,605	365,000	94,605
2008	463,363	385,000	78,363
2009	465,845	405,000	60,845
2010	467,013	425,000	42,013
2011	471,825	450,000	21,825
	<u>\$ 5,922,949</u>	<u>\$ 4,370,000</u>	<u>\$ 1,552,949</u>

In August 1997, the City issued \$3,765,000 in General Obligation Advance Refunding Bonds. The proceeds of the bond issue were used to defease \$3,445,000 of the City's outstanding General Obligation Bonds, Series 1991, which mature from June 1, 2002 through June 1, 2011. The refunded bonds will be escrowed to June 1, 2001, at which time they will be called at par. Bonds outstanding and defeased at June 30, 1998 are \$3,445,000.

The Water Revenue Refunding Bonds series 1997 bond resolution imposed several covenants on the City including a water rate covenant which stipulates the City will charge fees in connection with the operation of its water system which generates net operating revenues at least equal to 1.25 times the fiscal year annual debt service on all outstanding bonds. Net operating revenues include charges for water services, system development charges and interest earnings less operating expenses incurred for the operation, maintenance and repair of the water system. The City is in compliance with the water rate covenant.

CITY OF MILWAUKIE, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

OTHER LONG-TERM DEBT

The changes in other long-term debt for the year ended June 30, 1998 are as follows:

	<u>General Long-Term Debt Account Group Fund</u>			<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Loan Payable</u>	<u>Capital Lease Obligation</u>	<u>Accrued Vacation Payable</u>	<u>Contract Payable</u>	<u>Capital Lease Obligation</u>
<i>Balances, July 1, 1997</i>	\$ 20,000	\$ 9,721	\$ 283,707	\$ 22,238	\$ 61,887
Additions	-	-	-	-	-
Payments/transfers	<u>10,000</u>	<u>9,721</u>	<u>99,943</u>	<u>22,238</u>	<u>30,044</u>
<i>Balances, June 30, 1998</i>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 183,764</u>	<u>\$ -</u>	<u>\$ 31,843</u>

Future maturities of other long-term debt at June 30, 1998 are as follows:

	<u>General Long-Term Debt Account Group Fund</u>		<u>Internal Service Funds</u>
	<u>Loan Payable</u>	<u>Accrued Vacation Payable</u>	<u>Capital Lease Obligation</u>
Fiscal year 1999	\$ 10,325	\$ 183,754	\$ 33,750
Less amount representing interest	<u>325</u>	<u>-</u>	<u>1,907</u>
<i>Total</i>	<u>\$ 10,000</u>	<u>\$ 183,764</u>	<u>\$ 31,843</u>

Interest rate for the capital lease obligation is 8.5% and the loan payable is 3.25%.

CONTRIBUTED CAPITAL

The changes in contributed capital in the proprietary fund types for the year ended June 30, 1998 are as follows:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
<i>Balances, July 1, 1997</i>	\$ 6,882,840	\$ 1,711,791
Additions	<u>100,801</u>	<u>-</u>
<i>Balances, June 30, 1998</i>	<u>\$ 6,983,641</u>	<u>\$ 1,711,791</u>

CITY OF MILWAUKIE, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

PENSION PLAN

City employees participate in the Oregon Public Employee's Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. All the City employees are eligible to participate in the system after completing six months of service. Total payroll was \$5,637,266 and covered payroll was \$5,392,614 for the year ended June 30, 1998. PERS is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 73, Portland, Oregon 97207-0073.

Covered employees are required by State statute to contribute 6.0 percent of their salary to the plan. Current law permits employers to pay employee contributions to the Retirement Fund. The City is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. Currently the rate is 7.47 percent of each covered employee's salary. The amounts contributed by the City for the years ended June 30, 1998, 1997 and 1996 were \$753,013, \$709,289 and \$636,702, which consisted of employer and employee required contributions for the years. No pension liability existed at June 30, 1998, determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board.

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to a majority of City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Prior to August 20, 1996, assets in IRC Section 457 plans could not legally be placed in trust, consequently employees' account balances participating in the plan were potentially at risk. To remedy this situation, Congress amended IRC Section 457 as of August 20, 1996 by adding a subsection requiring assets and income of the plan to be placed in trust.

Monies accumulated by the City under its deferred compensation plans have been deposited with various trustees. The amount deferred since the inception of the plans and investment earnings thereon total \$1,997,309 at June 30, 1998.

Provisions of Governmental Accounting Standards Board Statement 32 eliminates the requirement that governmental entities relying upon third parties to manage IRC 457 assets report such assets on their balance sheets.

CITY OF MILWAUKIE, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

SEGMENT INFORMATION

The City's enterprise and internal services funds account for the acquisition, operation, and maintenance of water, sewer, and storm sewer facilities which are supported by user charges. Segment information for the year ended June 30, 1998 is as follows:

Enterprise Funds

	<u>Water</u> <u>Operations</u>	<u>Sewer</u> <u>Operations</u>	<u>Storm Sewer</u> <u>Operations</u>	<u>Total</u>
Operating revenues	\$ 1,835,549	\$ 2,225,025	\$ 722,436	\$ 4,783,010
Depreciation	239,142	124,700	73,846	437,688
Operating income (loss)	275,910	307,466	103,015	686,391
Operating transfers in (out)	-	-	(16,875)	(16,875)
Net income (loss)	366,914	414,838	119,648	901,400
Net working capital	2,546,546	1,230,887	546,652	4,324,085
Total assets	9,731,403	4,873,235	3,251,018	17,885,656
Bonds and contract payable				
Current portion	16,939	-	-	16,939
Long-term portion	1,165,000	-	-	1,165,000
Total equity	8,158,925	4,347,312	3,237,669	15,743,906

OPERATING TRANSFERS

General Fund to:

State Gas Tax/State Repair Fund	\$ 110,285
Parks Fund	416,000
Library Fund	105,996
Public Safety Services	2,295,019
Fleet Services Fund	102,000
Facilities Management	83,147
Administrative Services	95,209

State Gas Tax/Street Repair Fund to:

Fleet Services Fund	16,875
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Service SDC Fund to:

Sewer Fund	33,553
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Storm Sewer Fund to:

Fleet Services Fund	16,875
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CITY OF MILWAUKIE, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

FUND ACCUMULATED DEFICITS/EXPENDITURES IN EXCESS OF BUDGET

At June 30, 1998 the Fleet Services Fund (an internal service fund) had an accumulated deficit of \$288,414. However, the Fund has a positive fund equity (\$1,423,377 at June 30, 1998) because contributed capital exceeds the accumulated deficit.

The Forfeiture Fund had expenditures in excess of the budget in materials and services of \$5,778.

Expenditures in excess of appropriations related to the defeasance of bonds, in the Public Safety Facilities Debt Service Fund, and not subject to budget appropriations.

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

SUPPLEMENTARY DATA

(Combining and Individual Fund and Account Group
Statements and Other Financial Schedules)

GENERAL FUND

This fund accounts for the activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, state and county shared revenues and charges for administrative services from other funds. Primary expenditures are for police protection, public works and general government.

CITY OF MILWAUKIE, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ 6,272,165	\$ 6,417,369	\$ 145,204
Licenses and permits	423,040	405,475	(17,565)
Intergovernmental	398,179	479,653	81,474
Fines and forfeitures	211,475	271,327	59,852
Fees and changes	886,300	1,015,708	129,408
Miscellaneous	<u>113,500</u>	<u>141,428</u>	<u>27,928</u>
<i>Total Revenues</i>	8,304,659	8,730,960	426,301
EXPENDITURES			
Administration/Community Services	456,745	347,002	109,743
Public Safety	3,749,901	3,512,029	237,872
Community Development	699,238	649,201	50,037
Public Works	303,360	308,251	(4,891)
Finance	208,942	214,335	(5,393)
Intergovernmental	54,000	58,080	(4,080)
Contingency	<u>573,861</u>	<u>-</u>	<u>573,861</u>
<i>Total Expenditures</i>	<u>6,046,047</u>	<u>5,088,898</u>	<u>957,149</u>
Revenues over expenditures	2,258,612	3,642,062	1,383,450
OTHER FINANCING USES			
Transfers to:			
State Gas Tax/Street Repair Fund	110,285	110,285	-
Parks Fund	416,000	416,000	-
Library Fund	105,996	105,996	-
Public Safety Services Fund	2,295,019	2,295,019	-
Fleet Services Fund	152,956	102,000	50,956
Facility Management Fund	83,147	83,147	-
Administrative Services Fund	<u>95,209</u>	<u>95,209</u>	<u>-</u>
<i>Total Other Financing Uses</i>	<u>3,258,612</u>	<u>3,207,656</u>	<u>50,956</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,000,000)	434,406	1,434,406
FUND BALANCE, Beginning of year	<u>1,000,000</u>	<u>1,767,546</u>	<u>767,546</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 2,201,952</u>	<u>\$ 2,201,952</u>

SPECIAL REVENUES FUNDS

These funds account for revenues derived from specific tax or other earmarked revenue sources. Funds included within the special revenue fund category are:

- *Code Enforcement Abatement Fund* - This fund accounts for revenues and expenditures used for cleaning up properties in the City.
- *State Gas Tax/Street Repair Fund* - This fund accounts for revenues from motor vehicle fee apportionments from the State of Oregon and expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.
- *Bike Path Fund* - This fund accounts for revenues and expenditures used for the construction and designation of footpaths and bicycle trails.
- *Parks and Recreation Fund* - This fund accounts for revenues and expenditures used to acquire land for parks and recreation facilities.
- *Library Services Fund* - This fund accounts for revenues and expenditures used for the operation of the Ledding Library.
- *Public Safety Services Fund* - This fund accounts for revenues and expenditures used to provide fire and rescue services for the City of Milwaukie, and for revenues and expenditures for police grant activities. As of January 1, 1998, fire and rescue services were contracted out to Clackamas Fire District #1.
- *Transportation SDC Fund* - This fund accounts for system development charges which are designated for street projects.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF MILWAUKIE, OREGON
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 1998

	<i>Code</i>	<i>State Gas</i>	<i>Bike</i>	<i>Parks</i>	<i>Library</i>	<i>Public</i>	<i>Transportation</i>	
	<i>Enforcement</i>	<i>Tax/Street</i>	<i>Path</i>	<i>and</i>	<i>Services</i>	<i>Safety</i>	<i>SDC</i>	
	<i>Abatement</i>	<i>Repair Fund</i>	<i>Fund</i>	<i>Recreation</i>	<i>Fund</i>	<i>Services</i>	<i>Fund</i>	<i>Total</i>
	<i>Fund</i>			<i>Fund</i>		<i>Fund</i>		
ASSETS								
Cash and investments	\$ 66,229	\$ 423,781	\$ 93,788	\$ 680,016	\$ 174,717	\$ 103,747	\$ 4,017	\$ 1,546,295
Property taxes receivable	-	-	-	-	4,364	18,720	-	23,084
Accounts receivable	302	72,721	1,112	3,173	1,062	522	-	78,892
Inventory	-	2,910	-	-	-	-	-	2,910
<i>Total Assets</i>	<u>\$ 66,531</u>	<u>\$ 499,412</u>	<u>\$ 94,900</u>	<u>\$ 683,189</u>	<u>\$ 180,143</u>	<u>\$ 122,989</u>	<u>\$ 4,017</u>	<u>\$ 1,651,181</u>
LIABILITIES AND FUND BALANCES								
<i>Liabilities</i>								
Accounts payable and accrued liabilities	\$ -	\$ 92,751	\$ -	\$ 647	\$ 10,855	\$ 55,932	\$ -	\$ 160,185
Deferred revenue	-	-	-	-	3,572	15,323	-	18,895
<i>Total Liabilities</i>	-	92,751	-	647	14,427	71,255	-	179,080
<i>Fund Balances</i>								
Reserved for inventory	-	2,910	-	-	-	-	-	2,910
Unreserved	66,531	403,751	94,900	682,542	165,716	51,734	4,017	1,469,191
<i>Total Fund Balances</i>	<u>66,531</u>	<u>406,661</u>	<u>94,900</u>	<u>682,542</u>	<u>165,716</u>	<u>51,734</u>	<u>4,017</u>	<u>1,472,101</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 66,531</u>	<u>\$ 499,412</u>	<u>\$ 94,900</u>	<u>\$ 683,189</u>	<u>\$ 180,143</u>	<u>\$ 122,989</u>	<u>\$ 4,017</u>	<u>\$ 1,651,181</u>

CITY OF MILWAUKIE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1998

	<i>Code</i>	<i>State Gas</i>	<i>Bike</i>	<i>Parks</i>	<i>Library</i>	<i>Public</i>	<i>Transportation</i>	
	<i>Enforcement</i>	<i>Tax/Street</i>	<i>Path</i>	<i>and</i>	<i>Services</i>	<i>Safety</i>	<i>SDC</i>	
	<i>Abatement</i>	<i>Repair Fund</i>	<i>Fund</i>	<i>Recreation</i>	<i>Fund</i>	<i>Services</i>	<i>Fund</i>	<i>Total</i>
	<i>Fund</i>			<i>Fund</i>				
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,279	\$ 35,523	\$ -	\$ 43,802
Fees and charges	-	322,705	-	-	-	-	-	322,705
Intergovernmental	-	859,052	36,928	21,450	567,035	213,637	-	1,698,102
Miscellaneous, primarily interest	4,325	28,663	3,953	30,992	52,233	29,671	4,017	153,854
<i>Total Revenues</i>	4,325	1,210,420	40,881	52,442	627,547	278,831	4,017	2,218,463
EXPENDITURES								
Current								
Community services	-	-	-	-	1,121,694	-	-	1,121,694
Public safety	3,143	1,412,936	7,903	-	-	3,350,701	-	4,774,683
Intergovernmental	-	-	14,831	-	-	-	-	14,831
Capital projects	-	-	-	716,423	-	-	-	716,423
<i>Total Expenditures</i>	3,143	1,412,936	22,734	716,423	1,121,694	3,350,701	-	6,627,631
Revenues over (under) expenditures	1,182	(202,516)	18,147	(663,981)	(494,147)	(3,071,870)	4,017	(4,409,168)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	110,285	-	416,000	105,996	2,295,019	-	2,927,300
Operating transfers out	-	(16,875)	-	-	-	-	-	(16,875)
<i>Total Other Financing Sources</i>	-	93,410	-	416,000	105,996	2,295,019	-	2,910,425
Revenues and other financing sources sources over (under) expenditures and other financing uses	1,182	(109,106)	18,147	(247,981)	(388,151)	(776,851)	4,017	(1,498,743)
FUND BALANCES, Beginning of year	65,349	512,857	514,625	930,523	553,867	828,585	-	2,969,702
Change in Inventory			1,142	-	-	-	-	1,142
FUND BALANCES, End of year	<u>\$ 66,531</u>	<u>\$ 403,751</u>	<u>\$ 94,900</u>	<u>\$ 682,542</u>	<u>\$ 165,716</u>	<u>\$ 51,734</u>	<u>\$ 4,017</u>	<u>\$ 1,472,101</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - CODE ENFORCEMENT ABATEMENT FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Interest on investments	\$ 2,700	\$ 3,700	\$ 1,000
Miscellaneous	-	625	625
<i>Total Revenues</i>	2,700	4,325	1,625
EXPENDITURES			
Public safety	50,000	3,143	46,857
Contingency	12,700	-	12,700
<i>Total Expenditures</i>	62,700	3,143	59,557
Revenue over (under) expenditures	(60,000)	1,182	61,182
FUND BALANCE, Beginning of year	60,000	65,349	5,349
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 66,531</u>	<u>\$ 66,531</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - STATE GAS TAX/STREET REPAIR FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Gas tax apportionment	\$ 954,786	\$ 859,052	\$ (95,734)
Franchise fees	280,927	322,705	41,778
Miscellaneous, primarily interest	<u>20,250</u>	<u>28,663</u>	<u>8,413</u>
<i>Total Revenues</i>	1,255,963	1,210,420	(45,543)
EXPENDITURES			
Public works	1,507,887	1,412,936	94,951
Contingency	<u>116,510</u>	<u>-</u>	<u>116,510</u>
<i>Total Expenditures</i>	<u>1,624,397</u>	<u>1,412,936</u>	<u>211,461</u>
Revenue under expenditures	(368,434)	(202,516)	165,918
OTHER FINANCING SOURCES (USES)			
Operating transfer from General Fund	110,285	110,285	-
Operating transfers to Fleet Services Fund	<u>(17,250)</u>	<u>(16,875)</u>	<u>375</u>
<i>Total Other Financing Sources (Uses)</i>	<u>93,035</u>	<u>93,410</u>	<u>375</u>
Revenue and other financing sources under expenditure and other financing uses	(275,399)	(109,106)	166,293
FUND BALANCE, Beginning of year	<u>450,000</u>	<u>512,857</u>	<u>62,857</u>
FUND BALANCE, End of year	<u>\$ 174,601</u>	<u>\$ 403,751</u>	<u>\$ 229,150</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - BIKE PATH FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Grants	\$ -	\$ 28,251	\$ 28,251
Interest on investments	3,420	3,953	533
Gas tax apportionment	<u>9,548</u>	<u>8,677</u>	<u>(871)</u>
<i>Total Revenues</i>	12,968	40,881	27,913
EXPENDITURES			
Public works	<u>24,246</u>	<u>22,734</u>	<u>1,512</u>
Revenue over (under) expenditures	(11,278)	18,147	29,425
FUND BALANCE, Beginning of year	<u>76,000</u>	<u>76,753</u>	<u>753</u>
FUND BALANCE, End of year	<u>\$ 64,722</u>	<u>\$ 94,900</u>	<u>\$ 30,178</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - PARKS AND RECREATION FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Grants	\$ 331,000	\$ 21,450	\$ (309,550)
Miscellaneous	40,995	30,992	(10,003)
<i>Total Revenues</i>	371,995	52,442	(319,553)
EXPENDITURES			
Capital projects	1,698,995	716,423	982,572
Revenues under expenditures	(1,327,000)	(663,981)	663,019
OTHER FINANCING SOURCES			
Operating transfer from General Fund	416,000	416,000	-
<i>Total Other Financing Sources</i>	416,000	416,000	-
Revenues and other financing sources under expenditures and other financing uses	(911,000)	(247,981)	663,019
FUND BALANCE, Beginning of year	<u>911,000</u>	<u>930,523</u>	<u>19,523</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 682,542</u>	<u>\$ 682,542</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - LIBRARY SERVICES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Property taxes	\$ -	\$ 8,279	\$ 8,279
Intergovernmental revenues - county library cooperation	555,000	567,035	12,035
Miscellaneous, primarily fees and charges	<u>33,499</u>	<u>52,233</u>	<u>18,734</u>
<i>Total Revenues</i>	588,499	627,547	39,048
EXPENDITURES			
Administrative/Community Services	<u>1,248,022</u>	<u>1,121,694</u>	<u>126,328</u>
Revenue over (under) expenditures	(659,523)	(494,147)	165,376
OTHER FINANCING SOURCES			
Operating transfer from General Fund	<u>105,996</u>	<u>105,996</u>	<u>-</u>
<i>Total Other Financing Sources</i>	<u>105,996</u>	<u>105,996</u>	<u>-</u>
Revenues and other financing sources under expenditures and other financing uses	(553,527)	(388,151)	165,376
FUND BALANCE, Beginning of year	<u>553,527</u>	<u>553,867</u>	<u>340</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 165,716</u>	<u>\$ 165,716</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - PUBLIC SAFETY SERVICES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance*</i> <i>Favorable</i> <i>(Unfavorable)</i>
REVENUES			
Property taxes	\$ -	\$ 35,523	\$ 35,523
Intergovernmental	251,388	213,637	(37,751)
Miscellaneous	<u>28,999</u>	<u>29,671</u>	<u>672</u>
<i>Total Revenues</i>	280,387	278,831	(1,556)
EXPENDITURES *			
Police			
Field services	181,598	210,855	(29,257)
Support services	147,888	96,327	51,561
Fire			
Administration	291,141	123,441	167,700
Operations	2,669,319	2,837,778	(168,459)
Fire prevention	<u>135,460</u>	<u>82,300</u>	<u>53,160</u>
<i>Total Expenditures</i>	<u>3,425,406</u>	<u>3,350,701</u>	<u>74,705</u>
Revenue under expenditures	(3,145,019)	(3,071,870)	73,149
OTHER FINANCING SOURCES			
Operating transfer from General Fund	<u>2,295,019</u>	<u>2,295,019</u>	<u>-</u>
Revenues and other financing sources under expenditures and other financing uses	(850,000)	(776,851)	73,149
FUND BALANCE, Beginning of year	<u>850,000</u>	<u>828,585</u>	<u>(21,415)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 51,734</u>	<u>\$ 51,734</u>

* Expenditures are appropriated by program/function and, therefore, departmental overexpenditures within program/functional categories do not represent a violation of Oregon Budget Law.

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - TRANSPORTATION SYSTEM DEVELOPMENT CHARGES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance</i> <i>Favorable</i> <i>(Unfavorable)</i>
REVENUES			
Miscellaneous	\$ -	\$ 4,017	\$ 4,017
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 4,017</u>	<u>\$ 4,017</u>

DEBT SERVICE FUND

The *Public Safety Facility Debt Service Fund* accounts for payment of principal and interest on the general obligation bond Series 1991 which was issued to finance construction of the Public Safety Facility. Revenues are derived primarily from property taxes and interest earned on investments.

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - PUBLIC SAFETY FACILITY DEBT SERVICE FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Property taxes	\$ 432,000	\$ 459,293	\$ 27,293
Miscellaneous	<u>28,048</u>	<u>82,374</u>	<u>54,326</u>
<i>Total Revenues</i>	460,048	541,667	81,619
EXPENDITURES			
Debt service	<u>460,603</u>	<u>478,036</u>	(17,433)
Revenue under (under) expenditures	(555)	63,631	64,186
FUND BALANCE, Beginning of year	<u>623,275</u>	<u>660,094</u>	<u>36,819</u>
FUND BALANCE, End of year	<u>\$ 622,720</u>	<u>\$ 723,725</u>	<u>\$ 101,005</u>

Amounts exceeding appropriations are not subject to Local Budget Law, ORS 294.326.

CAPITAL PROJECTS FUND

The *Public Safety Facility Fund* accounts for the construction of a new public safety (police and fire) facility. It has been funded with the proceeds from general obligation bond Series 1991 and a transfer in a prior year of cash and investments from the General Fund.

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - PUBLIC SAFETY FACILITY FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Miscellaneous	\$ -	\$ 546	\$ 546
 EXPENDITURES			
Capital outlay	<u>84,700</u>	<u>12,848</u>	<u>71,852</u>
Revenue under expenditures	(84,700)	(12,302)	72,398
FUND BALANCE, Beginning of year	<u>84,700</u>	<u>14,065</u>	<u>(70,635)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 1,763</u>	<u>\$ 1,763</u>

ENTERPRISE FUNDS

The Enterprise Funds are used to account for the acquisition, operation and maintenance of sewer, water and storm sewer facilities and services which are entirely or predominantly self-supporting by user charges. The operations of these funds are accounted for in such a manner as to show a profit or loss similar to a comparable private enterprise. The City's enterprise funds are as follows:

- *Water Fund* - This fund accounts for water operations.
- *Water SDC Fund* - This fund accounts for monies collected as systems development charges for water services. These monies may only be used for designated purposes.
- *Sewer Fund* - This fund accounts for sewer operations.
- *Sewer SDC Fund* - This fund accounts for monies collected as systems development charges for sewer services. These monies may only be used for designated purposes.
- *Storm Sewer Fund* - This fund accounts for storm sewer (drainage) operations.
- *Storm Sewer SDC Fund* - This fund accounts for monies collected as systems development charges for storm sewer service. These monies may only be used for designated purposes.

CITY OF MILWAUKIE, OREGON
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS
JUNE 30, 1998

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Sewer Fund</u>
ASSETS			
Current Assets			
Cash and investments	\$ 2,385,913	\$ 383,003	\$ 539,563
Accounts and interest receivable	170,685	1,771	236,568
Other receivables	306	-	14,040
Inventory	<u>12,346</u>	<u>-</u>	<u>4,339</u>
<i>Total Current Assets</i>	2,569,250	384,774	794,510
Cash restricted for payment of debt service	136,870	-	-
Assessments receivable	-	-	63,894
Fixed assets	<u>6,640,509</u>	<u>-</u>	<u>3,052,531</u>
<i>Total Assets</i>	<u>\$ 9,346,629</u>	<u>\$ 384,774</u>	<u>\$ 3,910,935</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 360,336	\$ -	\$ 514,924
Accrued vacation payable	23,733	-	10,999
Coupons payable	6,470	-	-
Bond interest payable	<u>16,939</u>	<u>-</u>	<u>-</u>
<i>Total Current Liabilities</i>	407,478	-	525,923
Long-Term Liabilities			
Bonds payable	<u>1,165,000</u>	<u>-</u>	<u>-</u>
<i>Total Long-Term Liabilities</i>	<u>1,165,000</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	1,572,478	-	525,923
Fund Equity			
Contributed capital	1,962,427	20,667	3,021,105
Retained earnings	<u>5,811,724</u>	<u>364,107</u>	<u>363,907</u>
<i>Total Fund Equity</i>	<u>7,774,151</u>	<u>384,774</u>	<u>3,385,012</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 9,346,629</u>	<u>\$ 384,774</u>	<u>\$ 3,910,935</u>

<i>Sewer SDC Fund</i>	<i>Storm Sewer Fund</i>	<i>Storm Sewer SDC Fund</i>	<i>Total</i>
\$ 954,318	\$ 336,349	\$ 137,865	\$ 4,737,011
7,982	78,801	637	496,444
-	-	-	14,346
-	6,349	-	23,034
962,300	421,499	138,502	5,270,835
-	-	-	136,870
-	-	-	63,894
-	2,691,017	-	12,384,057
<u>\$ 962,300</u>	<u>\$ 3,112,516</u>	<u>\$ 138,502</u>	<u>\$ 17,855,656</u>
\$ -	\$ 12,076	\$ -	\$ 887,336
-	1,273	-	36,005
-	-	-	6,470
-	-	-	16,939
-	13,349	-	946,750
-	-	-	1,165,000
-	-	-	1,165,000
-	13,349	-	2,111,750
55,458	1,923,984	-	6,983,641
906,842	1,175,183	138,502	8,760,265
962,300	3,099,167	138,502	15,743,906
<u>\$ 962,300</u>	<u>\$ 3,112,516</u>	<u>\$ 138,502</u>	<u>\$ 17,855,656</u>

CITY OF MILWAUKIE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 1998

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Sewer Fund</u>
OPERATING REVENUES			
Charges for services	\$ 1,692,195	\$ 63,653	\$ 2,097,377
Miscellaneous	<u>79,701</u>	<u>-</u>	<u>43,729</u>
<i>Total Operating Revenues</i>	1,771,896	63,653	2,141,106
OPERATING EXPENSES			
Personnel costs	331,230	-	217,623
Administrative support	278,817	3,371	287,856
Supplies, repairs and services	707,079	-	1,278,943
Depreciation	<u>239,142</u>	<u>-</u>	<u>124,700</u>
<i>Total Operating Expenses</i>	<u>1,556,268</u>	<u>3,371</u>	<u>1,909,122</u>
OPERATING INCOME (LOSS)	215,628	60,282	231,984
NONOPERATING INCOME (EXPENSE)			
Interest income	133,208	19,408	55,926
Interest expense	<u>(61,612)</u>	<u>-</u>	<u>-</u>
<i>Total Nonoperating Income (Expense)</i>	<u>71,596</u>	<u>19,408</u>	<u>55,926</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	287,224	79,690	287,910
OPERATING TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>33,553</u>
NET INCOME (LOSS)	287,224	79,690	321,463
RETAINED EARNINGS, Beginning of year	<u>5,524,500</u>	<u>284,417</u>	<u>42,444</u>
RETAINED EARNINGS, End of year	<u>\$ 5,811,724</u>	<u>\$ 364,107</u>	<u>\$ 363,907</u>

<i>Sewer SDC Fund</i>	<i>Storm Sewer Fund</i>	<i>Storm Sewer SDC Fund</i>	<i>Total</i>
\$ 83,919	\$ 687,967	\$ 28,745	\$ 4,653,856
-	5,724	-	129,154
83,919	693,691	28,745	4,783,010
-	124,100	-	672,953
8,437	117,769	1,483	697,733
-	302,223	-	2,288,245
-	73,846	-	437,688
8,437	617,938	1,483	4,096,619
75,482	75,753	27,262	686,391
51,446	26,565	6,943	293,496
-	-	-	(61,612)
51,446	26,565	6,943	231,884
126,928	102,318	34,205	918,275
(33,553)	(16,875)	-	(16,875)
93,375	85,443	34,205	901,400
813,467	1,089,740	104,297	7,858,865
<u>\$ 906,842</u>	<u>\$ 1,175,183</u>	<u>\$ 138,502</u>	<u>\$ 8,760,265</u>

CITY OF MILWAUKIE, OREGON
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 1998

	<u>Water Fund</u>	<u>Water SDC Fund</u>	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 215,628	\$ 60,282	\$ 231,984
Depreciation	239,142	-	124,700
Changes in assets and liabilities			
Accounts receivable	20,234	(1,187)	(55,880)
Inventory	23,648	-	(490)
Accounts payable and accrued liabilities	<u>330,784</u>	<u>-</u>	<u>(1,012,732)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	829,436	59,095	(712,418)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in (out)	-	-	33,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	(580,990)	-	(385,618)
Disposal of fixed assets	16,048	-	9,799
Principal paid on contracts/bonds payable	(70,000)	-	(22,238)
Contribution of capital	-	-	100,801
Interest paid	<u>(61,612)</u>	<u>-</u>	<u>-</u>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(696,554)	-	(297,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>133,208</u>	<u>19,408</u>	<u>55,926</u>
<i>Increase (Decrease) in Cash and Investments</i>	266,090	78,503	(920,195)
CASH AND INVESTMENTS, Beginning of year	<u>2,256,693</u>	<u>304,500</u>	<u>1,459,758</u>
CASH AND INVESTMENTS, End of year	<u>\$ 2,522,783</u>	<u>\$ 383,003</u>	<u>\$ 539,563</u>

<u>Sewer SDC Fund</u>	<u>Storm Sewer Fund</u>	<u>Storm Sewer SDC Fund</u>	<u>Total</u>
\$ 75,482	\$ 75,753	\$ 27,262	\$ 686,391
-	73,846	-	437,688
(5,523)	(27,275)	(393)	(70,024)
-	1,193	-	24,351
-	(25,896)	-	(707,844)
69,959	97,621	26,869	370,562
(33,553)	(16,875)	-	(16,875)
-	(320,483)	-	(1,287,091)
-	6,569	-	32,416
-	-	-	(92,238)
-	-	-	100,801
-	-	-	(61,612)
-	(313,914)	-	(1,307,724)
51,446	26,565	6,943	293,496
87,852	(206,603)	33,812	(660,541)
866,466	542,952	104,053	5,534,422
<u>\$ 954,318</u>	<u>\$ 336,349</u>	<u>\$ 137,865</u>	<u>\$ 4,873,881</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Charges for services	\$ 1,751,000	\$ 1,692,195	\$ (58,805)
Interest on investments	88,875	133,208	44,333
Miscellaneous	<u>42,890</u>	<u>79,701</u>	<u>36,811</u>
<i>Total Revenues</i>	1,882,765	1,905,104	22,339
EXPENDITURES			
Public works	1,150,472	1,126,550	23,922
Debt service	149,503	133,066	16,437
Capital outlay	836,000	750,435	85,565
Contingency	<u>163,597</u>	<u>-</u>	<u>163,597</u>
<i>Total Expenditures</i>	<u>2,299,572</u>	<u>2,010,051</u>	<u>289,521</u>
Revenue under expenditures	(416,807)	(104,947)	311,860
FUND BALANCE, Beginning of year	<u>1,975,000</u>	<u>2,313,861</u>	<u>338,861</u>
FUND BALANCE, End of year	<u>\$ 1,558,193</u>	<u>\$ 2,208,914</u>	<u>\$ 650,721</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WATER SYSTEM DEVELOPMENT CHARGES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Fees	\$ 26,000	\$ 63,653	\$ 37,653
Interest on investments	<u>12,285</u>	<u>19,408</u>	<u>7,123</u>
<i>Total Revenues</i>	38,285	83,061	44,776
EXPENDITURES			
Materials and services	3,370	3,370	-
Contingency	<u>307,915</u>	<u>-</u>	<u>307,915</u>
<i>Total Expenditures</i>	<u>311,285</u>	<u>3,370</u>	<u>307,915</u>
Revenue over (under) expenditures	(273,000)	79,691	352,691
FUND BALANCE, Beginning of year	<u>273,000</u>	<u>305,083</u>	<u>32,083</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 384,774</u>	<u>\$ 384,774</u>

CITY OF MILWAUKIE, OREGON

SCHEDULES OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - SEWER FUND

YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Charges for services	\$ 2,190,810	\$ 2,097,377	\$ (93,433)
Special assessments	-	104,719	104,719
Interest on investments	9,000	55,925	46,925
Miscellaneous	<u>16,000</u>	<u>12,540</u>	<u>(3,460)</u>
<i>Total Revenues</i>	2,215,810	2,270,561	54,751
EXPENDITURES			
Public works	2,371,380	2,181,333	190,047
Contingency	<u>233,782</u>	<u>-</u>	<u>233,782</u>
<i>Total Expenditures</i>	<u>2,605,162</u>	<u>2,181,333</u>	<u>423,829</u>
Revenue over (under) expenditures	(389,352)	89,228	478,580
OTHER FINANCING SOURCES			
Operating transfer from Sewer SDC Fund	<u>33,553</u>	<u>33,553</u>	<u>-</u>
<i>Total Other Financing Sources</i>	<u>33,553</u>	<u>33,553</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(355,799)	122,781	478,580
FUND BALANCE, Beginning of year	<u>200,000</u>	<u>156,805</u>	<u>(43,195)</u>
FUND BALANCE, End of year	<u>\$ (155,799)</u>	<u>\$ 279,586</u>	<u>\$ 435,385</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - SEWER SYSTEM DEVELOPMENT CHARGES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Fees	\$ 55,000	\$ 83,919	\$ 28,919
Miscellaneous, primarily interest	<u>35,325</u>	<u>51,446</u>	<u>16,121</u>
<i>Total Revenues</i>	90,325	135,365	45,040
EXPENDITURES			
Materials and services	8,438	8,438	-
Contingency	<u>833,334</u>	<u>-</u>	<u>833,334</u>
<i>Total Expenditures</i>	<u>841,772</u>	<u>8,438</u>	<u>833,334</u>
Revenue over (under) expenditures	(751,447)	126,927	878,374
OTHER FINANCING USES			
Operating transfers to Sewer Fund	<u>(33,553)</u>	<u>(33,553)</u>	<u>-</u>
<i>Total Other Financing Uses</i>	<u>(33,553)</u>	<u>(33,553)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(785,000)	93,374	878,374
FUND BALANCE, Beginning of year	<u>785,000</u>	<u>868,926</u>	<u>83,926</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 962,300</u>	<u>\$ 962,300</u>

CITY OF MILWAUKIE, OREGON

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - STORM SEWER FUND

YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 663,129	\$ 687,967	\$ 24,838
Miscellaneous	<u>30,875</u>	<u>32,287</u>	<u>1,412</u>
<i>Total Revenues</i>	694,004	720,254	26,250
EXPENDITURES			
Public works	537,974	505,762	32,212
Capital outlay	360,500	357,469	3,031
Contingency	<u>69,847</u>	<u>-</u>	<u>69,847</u>
<i>Total Expenditures</i>	<u>968,321</u>	<u>863,231</u>	<u>105,090</u>
Revenue under expenditures	(274,317)	(142,977)	131,340
OTHER FINANCING USES			
Operating transfer to Fleet Services Fund	<u>(17,250)</u>	<u>(16,875)</u>	<u>375</u>
<i>Total Other Financing Uses</i>	<u>(17,250)</u>	<u>(16,875)</u>	<u>375</u>
Revenues and other financing sources under expenditures and other financing uses	(291,567)	(159,852)	131,715
FUND BALANCE, Beginning of year	<u>575,000</u>	<u>569,275</u>	<u>(5,725)</u>
FUND BALANCE, End of year	<u>\$ 283,433</u>	<u>\$ 409,423</u>	<u>\$ 125,990</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
STORM SEWER SYSTEM DEVELOPMENT CHARGES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Charges for services	\$ 20,000	\$ 28,745	\$ 8,745
Miscellaneous	<u>3,825</u>	<u>6,943</u>	<u>3,118</u>
<i>Total Revenues</i>	23,825	35,688	11,863
EXPENDITURES			
Materials and services	1,483	1,483	-
Contingency	<u>107,342</u>	<u>-</u>	<u>107,342</u>
<i>Total Expenditures</i>	<u>108,825</u>	<u>1,483</u>	<u>107,342</u>
Revenue over (under) expenditures	(85,000)	34,205	119,205
FUND BALANCE, Beginning of year	<u>85,000</u>	<u>104,297</u>	<u>19,297</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 138,502</u>	<u>\$ 138,502</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for internal service activities of the City which are entirely or predominantly self-supporting by user charges. The operations of these funds are accounted for in such a manner as to show a profit or loss similar to a comparable private enterprise.

The City's internal service funds are as follows:

- *Fleet Services Fund* - This fund is used to account for the acquisition, repair and maintenance of the City's vehicles. Costs are reimbursed by other funds receiving the benefit derived from services received.
- *Facilities Management Fund* - The fund is used to account for common facilities used by the City.
- *Administrative Services Fund* - This fund is used to account for centralized services including personnel, telephone, photocopying and similar services.

CITY OF MILWAUKIE, OREGON
COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS
JUNE 30, 1998

	<i>Fleet Services Fund</i>	<i>Facilities Management Fund</i>	<i>Administrative Services Fund</i>	<i>Total</i>
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 451,920	\$ 75,965	\$ 224,065	\$ 751,950
Accounts receivable	2,037	648	29,439	32,124
Inventory	<u>34,178</u>	<u>-</u>	<u>-</u>	<u>34,178</u>
<i>Total Current Assets</i>	488,135	76,613	253,504	818,252
<i>Fixed Assets, Net</i>	<u>980,786</u>	<u>5,823</u>	<u>104,333</u>	<u>1,090,942</u>
<i>Total Assets</i>	<u>\$ 1,468,921</u>	<u>\$ 82,436</u>	<u>\$ 357,837</u>	<u>\$ 1,909,194</u>
LIABILITIES AND FUND EQUITY				
<i>Current Liabilities</i>				
Accounts payable and accrued liabilities	\$ 7,203	\$ 54,372	\$ 86,620	\$ 148,195
Accrued vacation payable	6,498	7,017	65,812	79,327
Capital lease - current portion	<u>31,843</u>	<u>-</u>	<u>-</u>	<u>31,843</u>
<i>Total Current Liabilities</i>	45,544	61,389	152,432	259,365
<i>Capital Lease</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	45,544	61,389	152,432	259,365
<i>Fund Equity</i>				
Contributed capital	1,711,791	-	-	1,711,791
Retained earnings (accumulated deficit)	<u>(288,414)</u>	<u>21,047</u>	<u>205,405</u>	<u>(61,962)</u>
<i>Total Fund Equity</i>	<u>1,423,377</u>	<u>21,047</u>	<u>205,405</u>	<u>1,649,829</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 1,468,921</u>	<u>\$ 82,436</u>	<u>\$ 357,837</u>	<u>\$ 1,909,194</u>

CITY OF MILWAUKIE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 1998

	<i>Fleet Services Fund</i>	<i>Facilities Management Fund</i>	<i>Administrative Services Fund</i>	<i>Total</i>
OPERATING REVENUES				
Charges for services	\$ 885,453	\$ 538,156	\$ 2,316,304	\$ 3,739,913
Miscellaneous	<u>13,480</u>	<u>-</u>	<u>63,498</u>	<u>76,978</u>
<i>Total Operating Revenues</i>	898,933	538,156	2,379,802	3,816,891
OPERATING EXPENSES				
Personnel costs	132,562	102,477	1,264,869	1,499,908
Administrative support	128,350	1,129	3,217	132,696
Supplies, repairs and services	367,466	571,497	1,381,674	2,320,637
Depreciation	<u>185,358</u>	<u>325</u>	<u>20,331</u>	<u>206,014</u>
<i>Total Operating Expenses</i>	<u>813,736</u>	<u>675,428</u>	<u>2,670,091</u>	<u>4,159,255</u>
OPERATING INCOME (LOSS)	85,197	(137,272)	(290,289)	(342,364)
NON-OPERATING INCOME (EXPENSE)				
Interest income	13,285	3,401	18,617	35,303
Interest expense	<u>(3,706)</u>	<u>-</u>	<u>-</u>	<u>(3,706)</u>
<i>Total Non-Operating Income (Expense)</i>	<u>9,579</u>	<u>3,401</u>	<u>18,617</u>	<u>31,597</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	94,776	(133,871)	(271,672)	(310,767)
OPERATING TRANSFERS IN	<u>135,750</u>	<u>83,147</u>	<u>95,209</u>	<u>314,106</u>
NET INCOME (LOSS)	230,526	(50,724)	(176,463)	3,339
RETAINED EARNINGS (ACCUMULATED DEFICIT), Beginning of year				
	<u>(518,940)</u>	<u>71,771</u>	<u>381,868</u>	<u>(65,301)</u>
RETAINED EARNINGS (ACCUMULATED DEFICIT), End of year				
	<u>\$ (288,414)</u>	<u>\$ 21,047</u>	<u>\$ 205,405</u>	<u>\$ (61,962)</u>

CITY OF MILWAUKIE, OREGON
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 1998

	<i>Fleet Services Fund</i>	<i>Facilities Management Fund</i>	<i>Administrative Services Fund</i>	<i>Total</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 85,197	\$ (137,271)	\$ (290,289)	\$ (342,363)
Depreciation	185,358	325	20,330	206,013
Changes in assets and liabilities				
Accounts receivable	(1,753)	(327)	(22,188)	(24,268)
Inventory	(2,464)	-	-	(2,464)
Accounts payable and accrued liabilities	6,937	36,736	45,374	89,047
<i>Net Cash Provided by (Used in) Operating Activities</i>	273,275	(100,537)	(246,773)	(74,035)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	135,750	83,147	95,209	314,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of fixed assets	(87,001)	-	(67,911)	(154,912)
Disposal of fixed assets	113,861	3,624	60,170	177,655
Interest paid	(3,706)	-	-	(3,706)
Payments on borrowings	(30,044)	-	-	(30,044)
<i>Net Cash Provided By (Used in) Capital And Related Financing Activities</i>	(6,890)	3,624	(7,741)	(11,007)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	13,285	3,401	18,617	35,303
<i>Increase (Decrease) in Cash and Investments</i>	415,420	(10,365)	(140,688)	264,367
CASH AND INVESTMENTS, Beginning of year	<u>36,500</u>	<u>86,330</u>	<u>364,753</u>	<u>487,583</u>
CASH AND INVESTMENTS, End of year	<u>\$ 451,920</u>	<u>\$ 75,965</u>	<u>\$ 224,065</u>	<u>\$ 751,950</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - FLEET SERVICES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Fees, licenses and charges	\$ 535,000	\$ 885,453	\$ 350,453
Miscellaneous	950	26,765	25,815
<i>Total Revenues</i>	535,950	912,218	376,268
EXPENDITURES			
Public works	682,450	634,864	47,586
Revenue over (under) expenditures	(146,500)	277,354	423,854
OTHER FINANCING SOURCES			
Operating transfers from other funds			
General Fund	102,000	102,000	-
State Gas Tax/Street Repair Fund	17,250	16,875	(375)
Storm Sewer Fund	17,250	16,875	(375)
<i>Total Other Financing Sources</i>	136,500	135,750	(750)
Revenues and other financing sources over (under) expenditures and other financing uses	(10,000)	413,104	423,104
FUND BALANCE, Beginning of year	<u>10,000</u>	<u>67,828</u>	<u>57,828</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 480,932</u>	<u>\$ 480,932</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - FACILITIES MANAGEMENT SERVICES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Charges for services	\$ 535,759	\$ 538,156	\$ 2,397
Miscellaneous	<u>50,956</u>	<u>3,401</u>	<u>(47,555)</u>
<i>Total Revenues</i>	586,715	541,557	(45,158)
EXPENDITURES			
Public works	<u>694,862</u>	<u>669,582</u>	<u>25,280</u>
Revenue under expenditures	(108,147)	(128,025)	(19,878)
OTHER FINANCING SOURCES			
Operating transfer from General Fund	<u>83,147</u>	<u>83,147</u>	<u>-</u>
Revenues and other financing sources under expenditures and other financing uses	(25,000)	(44,878)	(19,878)
FUND BALANCE, Beginning of year	<u>25,000</u>	<u>67,118</u>	<u>42,118</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 22,240</u>	<u>\$ 22,240</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - ADMINISTRATIVE SERVICES FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Charges for services	\$ 2,413,198	\$ 2,316,304	\$ (96,894)
Miscellaneous	<u>5,625</u>	<u>82,115</u>	<u>76,490</u>
<i>Total Revenues</i>	2,418,823	2,398,419	(20,404)
EXPENDITURES			
Legislative	55,810	51,810	4,000
Finance	869,835	812,197	57,638
Administration/Community services	1,191,015	1,172,383	18,632
Public works	<u>729,981</u>	<u>622,992</u>	<u>106,989</u>
<i>Total Expenditures</i>	<u>2,846,641</u>	<u>2,659,382</u>	<u>187,259</u>
Revenue under expenditures	(427,818)	(260,963)	166,855
OTHER FINANCING SOURCES			
Operating transfer from General Fund	<u>95,209</u>	<u>95,209</u>	<u>-</u>
Revenues and other financing sources under expenditures and other financing uses	(332,609)	(165,754)	166,855
FUND BALANCE, Beginning of year	<u>332,609</u>	<u>332,638</u>	<u>29</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 166,884</u>	<u>\$ 166,884</u>

FIDUCIARY FUNDS

These funds account for resources received and held by the City in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or conditions of the trust for the particular fund. Funds included in this category are:

Expendable Trust Funds

- Forfeiture Trust Fund
- Leona O. Knutson Pioneer Cemetery Fund

CITY OF MILWAUKIE, OREGON
COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS - EXPENDABLE TRUST FUNDS
JUNE 30, 1998

	<u>Forfeiture</u>	<u>Leona O. Knutson Pioneer</u>	<u>Total</u>
	<u>Trust</u>	<u>Cemetery</u>	
ASSETS			
Cash and investments	\$ 9,994	\$ 45,794	\$ 55,788
Accounts receivable	<u>7,739</u>	<u>210</u>	<u>7,949</u>
<i>Total Assets</i>	<u>\$ 17,733</u>	<u>\$ 46,004</u>	<u>\$ 63,737</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>\$ 973</u>	<u>\$ -</u>	<u>\$ 973</u>
<i>Total Liabilities</i>	<u>973</u>	<u>-</u>	<u>973</u>
FUND BALANCES			
	<u>16,760</u>	<u>46,004</u>	<u>62,764</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 17,733</u>	<u>\$ 46,004</u>	<u>\$ 63,737</u>

CITY OF MILWAUKIE, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - FIDUCIARY FUNDS - EXPENDABLE TRUST FUNDS

YEAR ENDED JUNE 30, 1998

	<u>Forfeiture Trust</u>	<u>Leona O. Knutson Pioneer Cemetery</u>	<u>Total</u>
REVENUES			
Fines and forfeitures	\$ 9,694	\$ -	\$ 9,694
Miscellaneous	<u>568</u>	<u>2,518</u>	<u>3,086</u>
<i>Total Revenues</i>	10,262	2,518	12,780
EXPENDITURES			
Materials and services	<u>5,778</u>	<u>-</u>	<u>5,778</u>
<i>Total Expenditures</i>	<u>5,778</u>	<u>-</u>	<u>5,778</u>
Revenues over expenditures	4,484	2,518	7,002
FUND BALANCES, Beginning of year	<u>12,276</u>	<u>43,486</u>	<u>55,762</u>
FUND BALANCES, End of year	<u>\$ 16,760</u>	<u>\$ 46,004</u>	<u>\$ 62,764</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - EXPENDABLE
TRUST FUND - FORFEITURE TRUST FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Fines and forfeitures	\$ 5,000	\$ 9,694	\$ 4,694
Miscellaneous	-	568	568
<i>Total Revenues</i>	5,000	10,262	5,262
EXPENDITURES			
Materials and services	-	5,778	(5,778)
<i>Total Expenditures</i>	-	5,778	(5,778)
Revenue over (under) expenditures	5,000	4,484	(516)
OTHER FINANCING USES			
Operating transfer to General Fund	(8,000)	-	8,000
<i>Total Other Financing Uses</i>	(8,000)	-	8,000
Revenues and other financing sources over (under) expenditures and other financing uses	(3,000)	4,484	7,484
FUND BALANCE, Beginning of year	<u>3,000</u>	<u>12,276</u>	<u>9,276</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 16,760</u>	<u>\$ 16,760</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - EXPENDABLE
TRUST FUND - LEONA O. KNUTSON PIONEER CEMETERY FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Miscellaneous	\$ 1,800	\$ 2,518	\$ 718
EXPENDITURES			
Material and services	2,500	-	2,500
Contingencies	<u>39,300</u>	<u>-</u>	<u>39,300</u>
<i>Total Expenditures</i>	<u>41,800</u>	<u>-</u>	<u>41,800</u>
Revenue over (under) expenditures	(40,000)	2,518	42,518
FUND BALANCE, Beginning of year	<u>40,000</u>	<u>43,486</u>	<u>3,486</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 46,004</u>	<u>\$ 46,004</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group accounts for the City's investment in fixed assets with the exception of those assets recorded in the proprietary funds.

CITY OF MILWAUKIE, OREGON
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
JUNE 30, 1998

GENERAL FIXED ASSETS

Land and improvements	\$ 3,075,459
Buildings	7,375,936
Equipment	726,230
General improvement	<u>489,979</u>
<i>Total General Fixed Assets</i>	<u>\$ 11,667,604</u>

INVESTMENT IN GENERAL FIXED ASSETS

General Fund	\$ 3,302,671
Special Revenue Funds	
State Gas Tax/Street Repair Fund	32,135
Parks and Recreation Fund	1,978,955
Library Services Fund	627,745
Capital Projects Fund	
Public Safety Facility Fund	5,720,398
Expendable Trust Funds	<u>5,700</u>
<i>Total Investment in General Fixed Assets</i>	<u>\$ 11,667,604</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY SOURCES
YEAR ENDED JUNE 30, 1998

	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>General Improvements</u>	<u>Total</u>
<i>BALANCES, Beginning of year</i>	\$ 2,380,044	\$ 7,366,805	\$ 1,270,889	\$ 501,760	\$ 11,519,498
Adjustments to drop assets under \$5,000	<u> -</u>	<u> (2,184)</u>	<u> (552,436)</u>	<u> (17,718)</u>	<u> (572,338)</u>
<i>REVISED BALANCES, Beginning of year</i>	2,380,044	7,364,621	718,453	484,042	10,947,160
<i>Additions</i>					
Expenditures from					
General Fund	-	5,782	-	-	5,782
State Gas Tax/Street Repair Fund	-	-	7,777	5,937	13,714
Parks and Recreation Fund	695,415	-	-	-	695,415
Public Safety Facility Fund	<u> -</u>	<u> 5,533</u>	<u> -</u>	<u> -</u>	<u> 5,533</u>
<i>Total Additions</i>	695,415	11,315	7,777	5,937	720,444
<i>Deletions</i>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
<i>BALANCES, End of year</i>	<u>\$ 3,075,459</u>	<u>\$ 7,375,936</u>	<u>\$ 726,230</u>	<u>\$ 489,979</u>	<u>\$ 11,667,604</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 1998

	<u>Land and</u>	<u>Buildings</u>	<u>Equipment</u>	<u>General</u>	<u>Total</u>
	<u>Improvements</u>			<u>Improvements</u>	
Administration	\$ 79,596	\$ 380,430	\$ 390,732	\$ 173,101	\$ 1,023,859
Community service	1,348,283	1,838,115	-	-	3,186,398
Public safety	1,024,215	4,716,093	304,293	311,474	6,356,075
Community development	-	12,647	-	-	12,647
Public works	452,500	138,195	31,205	5,404	627,304
City-Wide support	170,865	290,456	-	-	461,321
<i>Total General Fixed Assets</i>	<u>\$ 3,075,459</u>	<u>\$ 7,375,936</u>	<u>\$ 726,230</u>	<u>\$ 489,979</u>	<u>\$ 11,667,604</u>

CITY OF MILWAUKIE, OREGON

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 1998

	<u>Balances</u> <u>July 1,</u> <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30,</u> <u>1998</u>
ASSETS				
Land and improvements	\$ 2,380,044	\$ 695,415	\$ -	\$ 3,075,459
Buildings	7,364,621	11,315	-	7,375,936
Equipment	718,453	7,777	-	726,230
General improvements	<u>484,042</u>	<u>5,937</u>	<u>-</u>	<u>489,979</u>
<i>Total Assets</i>	<u>\$ 10,947,160</u>	<u>\$ 720,444</u>	<u>\$ -</u>	<u>\$ 11,667,604</u>
INVESTMENTS				
Administration	\$ 1,018,078	\$ 5,781	\$ -	\$ 1,023,859
Community services	2,490,983	695,415	-	3,186,398
Public safety	6,344,604	11,471	-	6,356,075
Community development	12,647	-	-	12,647
Public works	619,527	7,777	-	627,304
City-wide support	<u>461,321</u>	<u>-</u>	<u>-</u>	<u>461,321</u>
<i>Total Investments</i>	<u>\$ 10,947,160</u>	<u>\$ 720,444</u>	<u>\$ -</u>	<u>\$ 11,667,604</u>

OTHER FINANCIAL SCHEDULES

CITY OF MILWAUKIE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 1998

<u>Tax Year</u>	<u>Receivable July 1, 1997</u>	<u>1997-98 Levy</u>	<u>Discounts and adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Receivable June 30, 1998</u>
Multnomah County						
1997-98	\$ -	\$ 33,015	\$ -	\$ -	\$ 33,015	\$ -
Prior	214	-	(48)	36	127	75
<i>Total Multnomah County</i>	214	33,015	(48)	36	33,142	75
Clackamas County						
1997-98	-	7,013,468	(179,733)	5,746	6,582,139	257,342
1996-97	247,070	-	(6,432)	8,800	156,380	93,058
1995-96	90,282	-	(1,130)	6,266	50,275	45,143
1994-95	43,956	-	75	7,799	42,830	9,000
1993-94	11,553	-	(126)	2,591	10,455	3,563
1992-93	4,656	-	(523)	612	2,568	2,177
1991-92	2,878	-	(1,863)	(90)	(196)	1,121
Prior	(229)	-	-	1,730	6,238	(4,737)
<i>Total Clackamas County</i>	400,166	7,013,468	(189,732)	33,454	6,850,689	406,667
<i>Total Multnomah & Clackamas County</i>	<u>\$ 400,380</u>	<u>\$ 7,046,483</u>	<u>\$(189,780)</u>	<u>\$ 33,490</u>	<u>\$ 6,883,831</u>	<u>\$ 406,742</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF BOND AND BOND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 1998

	<i>Original Issue</i>		<i>Outstanding</i>
	<u>Date</u>	<u>Amount</u>	<u>July 1, 1997</u>
			<u>Unmatured</u>
BONDS			
General Long-Term Debt Account Group			
General Obligation Advance Refunding			
Series 1997	08/1/97	\$ 3,765,000	\$ -
General Obligation Series 1991	10/1/91	5,000,000	<u>4,315,000</u>
<i>Total General Long-Term Debt Account Group</i>			<u>\$ 4,315,000</u>
Water Fund			
Water revenue refunding	4/1/97	1,235,000	<u>1,235,000</u>
<i>Total Water Fund</i>			<u>\$ 1,235,000</u>
INTEREST			
General Long-Term Debt Account Group			
General Obligation Advance Refunding			
Series 1997	08/1/97		
General Obligation Series 1991	10/1/91		
<i>Total General Long-Term Debt Account Group</i>			
Water Fund			
Water revenue refunding	4/1/97		
<i>Total Water Fund</i>			

<u>1997-98 Transactions</u>			<u>Outstanding</u> <u>June 30, 1998</u>
<u>Issued</u>	<u>Matured</u>	<u>Paid</u>	<u>Unmatured</u>
\$ 3,765,000	\$ 65,000	\$ 65,000	\$ 3,700,000
<u>-</u>	<u>3,645,000</u>	<u>3,645,000</u>	<u>670,000</u>
<u>\$ 3,765,000</u>	<u>\$ 3,710,000</u>	<u>\$ 3,710,000</u>	<u>\$ 4,370,000</u>
<u>-</u>	<u>70,000</u>	<u>70,000</u>	<u>1,165,000</u>
<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 1,165,000</u>

\$ 140,338	\$ 140,338
<u>48,780</u>	<u>48,780</u>
<u>\$ 189,118</u>	<u>\$ 189,118</u>

<u>63,066</u>	<u>63,066</u>
<u>\$ 63,066</u>	<u>\$ 63,066</u>

CITY OF MILWAUKIE, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 1998

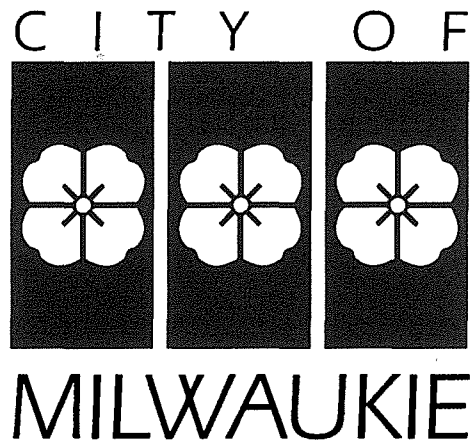
GENERAL LONG-TERM DEBT ACCOUNT GROUP

<u>Year of Maturity</u>	<i>General Obligation Bonds Series 1997</i>		<i>General Obligation Bonds Series 1991</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	1998-1999	\$ 30,000	\$ 165,805	\$ 210,000
1999-2000	30,000	164,605	225,000	26,225
2000-2001	35,000	163,405	235,000	13,513
2001-2002	285,000	161,970	-	-
2002-2003	300,000	150,285	-	-
2003-2004	315,000	137,685	-	-
2004-2005	330,000	124,140	-	-
2005-2006	345,000	109,785	-	-
2006-2007	365,000	94,605	-	-
2007-2008	385,000	78,363	-	-
2008-2009	405,000	60,845	-	-
2009-2010	425,000	42,013	-	-
2010-2011	450,000	21,825	-	-
	<u>\$ 3,700,000</u>	<u>\$ 1,475,331</u>	<u>\$ 670,000</u>	<u>\$ 77,618</u>

WATER FUND

<u>Year of Maturity</u>	<i>Water Revenue Refunding Bonds Series 1997</i>	
	<u>Principal</u>	<u>Interest</u>
1999	\$ 75,000	\$ 58,080
2000	80,000	55,080
2001	80,000	51,680
2002	85,000	48,080
2003	90,000	44,085
2004	95,000	39,765
2005	95,000	35,110
2006	100,000	30,360
2007	105,000	25,260
2008	115,000	19,800
2009	120,000	13,475
2010	125,000	6,875
	<u>\$ 1,165,000</u>	<u>\$ 427,650</u>

STATISTICAL SECTION



Selected Financial and Demographic Statistics

CITY OF MILWAUKIE, OREGON
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>General Government</i>	<i>Public Safety</i>	<i>Highways and Streets</i>	<i>Culture and Recreation</i>	<i>Debt Service</i>	<i>Total</i>
1989	\$ 2,000,654	\$ 2,983,097	\$ 524,099	\$ 620,821	\$ 433,806	\$ 6,562,477
1990	2,043,775	3,202,958	999,192	799,468	915,520	7,960,913
1991	2,322,988	3,447,679	826,480	877,477	341,162	7,815,786
1992	2,189,222	4,389,845	799,006	1,030,623	97,373	8,506,069
1993	2,519,862	6,522,916	578,615	705,080	603,582	10,930,055
1994	2,594,564	5,609,981	1,351,420	959,568	470,238	10,985,771
1995	2,932,345	4,423,453	926,761	1,046,703	477,850	9,807,112
1996	1,103,121	6,052,143	1,282,218	1,426,085	468,415	10,331,982
1997	1,476,728	6,491,218	1,194,787	1,344,620	455,315	10,962,668
1998	1,658,922	6,878,721	1,420,839	1,770,895	478,036	12,207,413

Source: Information derived from current and prior years' financial statements for all governmental funds.

CITY OF MILWAUKIE, OREGON
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEAR

<i>Fiscal Year Ended June 30,</i>	<i>Taxes</i>	<i>Franchise Fees</i>	<i>Licenses and Permits</i>	<i>Inter- governmental Revenues</i>
1989	\$ 3,310,848	\$ 612,165	\$ 160,322	\$ 1,144,511
1990	3,476,504	585,491	231,111	1,280,964
1991	3,650,207	672,640	217,030	1,384,875
1992	3,902,666	827,909	269,579	1,984,001
1993	5,291,838	874,961	276,914	1,696,972
1994	5,519,427	831,152	303,531	1,663,585
1995	5,651,374	1,188,501	370,331	1,853,561
1996	6,534,923	1,423,725	162,844	1,930,749
1997	6,671,351	1,184,947	420,916	2,101,381
1998	6,920,464	1,309,966	479,653	2,103,577

* Includes special assessment collections, system development charges, charges for services and interest income.

Source: Information derived from Comprehensive Annual Financial Reports for all governmental funds.

<u><i>Fines and Forfeitures</i></u>	<u><i>Charges for Services</i></u>	<u><i>Miscellaneous Revenues*</i></u>	<u><i>Total</i></u>
\$ 148,045	\$ 580,812	\$ 944,156	\$ 6,900,859
121,234	550,000	822,727	7,068,031
122,476	758,880	552,262	7,358,370
127,665	910,617	852,053	8,874,490
114,630	863,824	599,492	9,718,631
157,862	1,000,000	427,181	9,902,738
135,690	1,016,767	485,475	10,701,699
220,430	-	494,603	10,767,274
256,833	-	449,123	11,084,551
271,327	28,447	378,200	11,491,634

CITY OF MILWAUKIE, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Total Tax Levy</i>	<i>Current Tax Collections</i>	<i>Percent of Levy Collections</i>	<i>Delinquent Tax Collections</i>
1989	\$ 3,302,891	\$ 3,000,088	90.83%	\$ 310,760
1990	3,502,622	3,189,522	91.06	279,267
1991	3,713,688	3,370,711	90.76	270,798
1992	3,937,332	3,585,776	91.07	295,276
1993	5,459,604	5,021,621	91.98	287,453
1994	5,561,754	5,151,215	92.62	324,824
1995	5,747,535	5,323,189	92.62	303,629
1996	6,530,898	6,105,421	93.49	319,211
1997	6,846,259	6,394,127	93.40	255,881
1998	7,046,483	6,615,154	93.88	268,677

* Includes special assessment collections, system development charges and interest income.

Source: Information derived from Comprehensive Annual Financial Reports for all governmental funds.

<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes to Tax Levy</u>
\$ 3,310,848	100.24%	\$ 463,871	14.04%
3,468,789	99.03	447,320	12.77
3,641,509	98.06	458,227	12.33
3,881,052	98.57	445,181	11.31
5,309,074	97.24	483,434	8.85
5,476,039	98.46	456,580	8.21
5,626,818	97.90	434,211	7.55
6,424,632	98.37	387,379	5.93
6,647,008	97.09	400,380	5.85
6,883,831	97.69	406,742	5.78

CITY OF MILWAUKIE, OREGON
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Real Property</i>		<i>Personal Property*</i>	
	<i>Assessed Value</i>	<i>Estimated Actual Value</i>	<i>Assessed Value</i>	<i>Estimated Actual Value</i>
1989	\$575,139,010	\$575,139,010	\$ 33,949,000	\$ 33,949,000
1990	580,496,110	580,496,110	38,128,490	38,128,490
1991	596,230,590	596,230,590	37,916,280	37,916,280
1992	739,346,080	739,346,080	39,200,570	39,200,570
1993	787,855,750	787,855,750	45,224,840	45,224,840
1994	849,459,110	849,459,110	43,602,400	43,602,400
1995	934,102,230	934,102,230	43,284,560	43,284,560
1996	1,022,626,610	1,022,626,610	46,829,020	46,829,020
1997	1,145,479,600	1,145,479,600	47,755,600	47,755,600
1998	927,098,010	1,242,909,060	54,547,250	54,547,250

All property is assessed as of July 1 of the fiscal year.

* Includes mobile homes

Source: Clackamas and Multnomah County Department of Assessment and Taxation.

<u>Public Utility Property</u>		<u>Total</u>		<i>Ratio to Total Assessed to Total Estimated Actual Value</i>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
\$ 15,313,380	\$ 15,313,380	\$624,401,390	\$624,401,390	100.0%
14,663,460	14,663,460	633,288,060	633,288,060	100.0
16,064,320	16,064,320	650,211,190	650,211,190	100.0
14,143,420	14,143,420	792,690,070	792,690,070	100.0
14,571,520	14,571,520	847,652,110	847,652,110	100.0
14,760,660	14,760,660	907,822,170	907,822,170	100.0
15,717,880	15,717,880	993,104,670	993,104,670	100.0
16,157,360	16,157,360	1,085,612,990	1,085,612,990	100.0
18,440,020	18,440,020	1,211,675,220	1,211,675,220	100.0
19,907,110	19,907,110	1,001,552,370	1,317,363,420	76.0

CITY OF MILWAUKIE, OREGON
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING
GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>City of Milwaukie</i>	<i>Clackamas County</i>	<i>County Law Enforcement</i>	<i>Clackamas County Library</i>	<i>Clackamas Urban Renewal</i>	<i>Clackamas County Recreation District</i>	<i>Vector Control</i>
1989(1)	\$ 5.2154	\$ 2.1789	\$ -	\$ -	\$ -	\$ -	\$ 0.0107
1990	5.3869	0.7129	1.2013	0.2878	-	-	0.0015
1991	5.3514	0.6912	1.4900	0.2633	-	-	0.0097
1992	4.9327	0.6071	1.5058	0.2818	1.5769	0.5609	0.0087
1993(2)(3)	6.4227	0.5582	1.4962	0.2800	1.3675	0.5356	0.0080
1994(2)(3)	6.0895	0.5437	1.2543	0.2807	1.2913	0.5273	0.0078
1995(2)(3)	5.7575	0.5078	1.0608	0.3224	1.1308	0.5043	0.0054
1996(2)(3)	5.9877	0.4795	1.0433	0.3254	1.0421	0.4833	0.0064
1997	5.6288	0.4494	1.2320	0.3383	0.9658	0.4553	0.0061
1998	7.0026	2.4033	-	-	0.1827	0.5754	0.0065

- (1) Beginning in fiscal year 1989, the State of Oregon Legislature required County Tax Assessors to carry the decimal four places in determining tax rates.
- (2) Tax code area 012-002 is presented. This is the largest tax code area within the City.
- (3) The tax rate presented is the calculated tax rate. In accordance with the provisions of Article II(b) of the Oregon Constitution, the actual amount levied is limited.

Source: Clackamas County Department of Assessment and Taxation.

<i>Clackamas ESD Elementary</i>	<i>Clackamas ESD High School</i>	<i>North Clackamas School District</i>	<i>Clackamas Community College</i>	<i>Tri-Met Trans- portation District</i>	<i>Metro Service District</i>	<i>Port of Portland</i>	<i>Total</i>
\$ 0.7005	\$ 0.3576	\$ 14.9127	\$ 1.3689	\$ -	\$ 0.3437	\$ 0.3906	\$ 25.4790
0.7105	0.3626	14.9454	1.3123	-	0.3253	0.2957	25.5422
0.6895	0.3523	16.1382	1.3853	-	0.2710	0.3053	26.9472
0.6047	0.3087	13.2604	1.4381	-	0.2314	0.2447	25.5619
0.5617	0.2869	11.5844	1.3422	0.2255	0.2199	0.1959	25.0847
0.5462	0.2792	10.8164	1.2936	0.2034	0.1972	0.1695	23.5001
0.5101	0.2607	9.6142	1.2094	0.1751	0.1889	0.0744	21.3218
0.4899	0.2452	8.6704	1.1293	0.1387	0.3566	0.1267	20.5245
0.4586	0.2295	7.6603	1.0510	0.1211	0.2818	0.0837	18.9617
0.3692	-	5.2327	0.6282	0.1623	0.3902	0.0700	17.0231

CITY OF MILWAUKIE, OREGON
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Assessments Collected</i>	<i>Ratio of Collections to Amount Due</i>	<i>Total Outstanding Assessments</i>
1989	\$ 283,697	86.0%	\$ 723,604
1990	270,537	81.9	453,067
1991	177,944	51.6	275,123
1992	40,506	15.9	234,617
1993	63,738	33.1	170,879
1994	40,630	42.1	130,250
1995	34,274	35.7	95,976
1996	92,687	109.4	84,709
1997	10,467	14.1	74,177
1998	3,439	3.1	112,020

Source: Comprehensive Annual Financial Reports of the City.

CITY OF MILWAUKIE, OREGON
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Population</i>	<i>Assessed Value</i>	<i>Gross General Obligation Bonded Debt Outstanding</i>	<i>Less Debt Service Monies Available</i>	<i>Net Bonded Debt</i>	<i>Ratio of Net Bonded Debt to Assessed Value</i>	<i>Net Bonded Debt Per Capita</i>
1989	19,045	\$ -	\$ *	\$ -	\$ -	-%	\$ -
1990	18,830	-	*	-	-	-	-
1991	18,950	-	*	-	-	-	-
1992	19,450	847,652,110	5,000,000	-	5,000,000	.59	257.07
1993	19,550	853,261,750	5,000,000	157,586	4,842,414	.57	247.69
1994	19,650	907,822,170	4,840,000	430,324	4,409,676	.49	224.41
1995	19,850	903,104,670	4,675,000	502,391	4,172,609	.46	210.21
1996	20,015	1,085,612,990	4,500,000	581,339	3,918,661	.36	195.79
1997	20,055	1,211,675,220	4,315,000	668,081	3,646,919	.36	181.85
1998	20,220	1,001,552,370	4,370,000	723,725	3,646,275	.36	180.33

* No general obligation bonded debt was outstanding in this year.

Excludes Bancroft improvement bonds since these bonds are repaid from assessments against benefitted property owners, and general obligation water bonds since these bonds are repaid from water revenues.

Source: City Budget documents, annual financial reports, and Clackamas and Multnomah counties Departments of Assessment and Taxation.

CITY OF MILWAUKIE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 1998

ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the City boundaries:

True Cash Value (1997-98) (1)	\$1,317,363,420
	x <u>3%</u>
	39,520,903
Gross Bonded Debt Subject to Limitation	<u>4,370,000</u>
Legal Debt Margin - amount available for future indebtedness	<u>\$ 35,150,903</u>

(1) From Clackamas and Multnomah counties Departments of Assessment and Taxation.

CITY OF MILWAUKIE, OREGON
COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT
JUNE 30, 1998

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percent Applicable Inside City of Milwaukie</u>	<u>Amount Applicable Inside City of Milwaukie</u>
Clackamas Community College	\$ 8,230,000	7.1894%	\$ 591,688
Clackamas County SD #12	18,580,000	21.5213	3,998,658
Port of Portland	23,023,981	1.3750	316,580
Metro	211,002,003	1.5252	3,218,203
Tri-Met Service District	130,980,000	1.5173	1,987,360
Portland Community College	51,268,585	0.0085	4,358
Multnomah County District #1	239,815,000	0.0193	46,284
Clackamas County	710,000	5.2614	37,356
Oak Lodge Water District #4	3,325,000	0.3389	11,268
Oak Lodge RFPD #51	20,000	6.2795	1,256
Multnomah County	128,470,000	0.0133	17,087

Source: Oregon Municipal Debt Advisory Commission.

CITY OF MILWAUKIE, OREGON
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Total General Expenditures</i>	<i>Ratio of Debt Service to Total General Expenditures</i>
1989	\$ 330,000	\$ 102,845	\$ 432,845	\$ 6,562,477	6.60%
1990	814,500	96,097	910,597	7,960,913	11.44
1991	95,500	22,885	118,385	7,815,786	1.51
1992	45,000	20,170	65,170	8,506,069	0.77
1993	45,000	509,193	554,193	10,930,055	5.07
1994	200,000	310,358	510,358	10,985,771	4.65
1995	205,000	300,703	505,703	9,807,112	5.16
1996	215,000	290,435	505,435	10,331,982	4.89
1997*	365,000	271,315	636,315	10,962,668	5.80
1998	265,000	189,118	454,118	12,207,413	3.72

Note: Includes Special Assessment Debt.

* Includes amounts refunded

Source: Information derived from current and prior years' financial statements for all governmental funds.

CITY OF MILWAUKIE, OREGON
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Gross Revenue</i>	<i>Expenditures</i>	<i>Net Revenue Available for Debt Service</i>	<i>Debt Service Requirements</i>			<i>Percent Coverage</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
1989	\$ 1,487,006	\$ 1,163,366	\$ 323,640	\$ 30,000	\$ 17,790	\$ 47,790	677.21%
1990	1,580,165	1,385,522	194,643	30,000	16,290	46,290	420.49
1991	1,539,319	1,393,642	145,677	15,000	63,837	78,837	184.78
1992	1,594,802	1,078,911	515,891	15,000	89,223	104,223	494.99
1993	1,598,777	1,092,532	506,245	20,000	88,308	108,308	467.41
1994	1,557,450	1,147,168	410,282	20,000	87,068	107,068	383.20
1995	1,914,692	1,055,157	859,535	25,000	85,808	110,808	775.70
1996	1,929,349	1,683,270	246,079	25,000	84,208	109,208	225.33
1997	1,997,434	1,297,657	699,777	30,000	82,583	112,583	621.56
1998	1,905,104	1,876,985	28,119	70,000	63,066	133,066	21.13

Source: City Annual Financial Reports.

CITY OF MILWAUKIE, OREGON
PRINCIPAL TAXPAYERS
JUNE 30, 1998

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value</u>
COMMERCIAL			
Bount, Inc.	Saws and Blades	\$ 31,471,360	3.14%
Precision Castparts Corp.	Foundaries	14,762,040	1.47
Waverly Greens Apartments	Apartments	10,863,090	1.08
C.P. McLoughlin Prop., Inc.	Investment Property	9,070,580	0.91
Binn Dean	Industrial Park	8,193,790	0.82
Pendleton Woolen Mills	Manufacturing Facility	8,069,900	0.81
Oregon Transfer	Warehouse	7,726,210	0.77
Kellogg Lake Equities, LLC	Apartments	7,544,580	0.75
Watumull Properties	Warehouse	7,117,610	0.71
Ralph Schlesinger	Investment Property	6,369,850	0.64
UTILITY			
U.S. West communications	Telephone Utility	6,187,320	0.62
Portland General Electric	Electric Utility	5,790,400	0.58
Northwest Natural Gas	Natural Gas Utility	4,928,500	0.49
Electric Lightwave	Fiber Optic Communications	1,122,000	0.11
Union Pacific Railroad	Railroad	815,000	0.08
OTHER		<u>871,530,140</u>	<u>87.02</u>
		<u>\$1,001,562,370</u>	<u>100.00%</u>

Source: Clackamas County Department of Assessment.

CITY OF MILWAUKIE, OREGON
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>(1) Population</i>	<i>(2) Per Capita Income (Clackamas County)</i>	<i>(3) School Enrollment</i>	<i>(2) Unemployment Rate (Portland Metro. Area)</i>
1989	19,045	\$ 18,191	11,188.0	4.3%
1990	18,830	19,229	11,391.2	4.2
1991	18,950	19,735	11,498.0	4.9
1992	19,450	N/A(4)	13,482.0	6.2
1993	19,550	N/A(4)	13,443.0	5.8
1994	19,650	N/A(4)	14,578.0	5.0
1995	19,850	N/A(4)	13,781.0	5.4
1996	20,015	N/A(4)	13,114.1	4.2
1997	20,055	N/A(4)	14,252.0	N/A
1998	20,220	N/A(4)	N/A(4)	N/A

Source of Information:

(1) Portland State University, Population Research and Census Center.

(2) Portland Metropolitan Area Labor Trends Published by State of Oregon Employment Division.

(3) State of Oregon Department of Education, average daily membership for North Clackamas School District #12 (encompasses Milwaukie and surrounding unincorporated areas).

(4) N/A - Not Available.

CITY OF MILWAUKIE, OREGON
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

<u>June 30,</u>	<u>Commercial Construction (1)</u>		<u>Residential Construction (1)</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
1989	185	\$ 9,807,987	245	\$ 2,998,330
1990	120	9,625,953	210	11,126,869
1991 (2)	39	4,001,463	120	5,528,783
1992	43	1,586,964	163	12,725,882
1993	79	3,622,868	169	10,393,013
1994	97	12,647,635	62	4,552,743
1995	80	6,709,098	120	6,500,821
1996	96	4,527,207	112	3,257,414
1997	84	9,401,538	139	6,727,705
1998	105	7,822,310	125	4,234,664

Source:

(1) From City of Milwaukie Structural Safety Department.

(2) Building permits for months of June and July 1991, issued by Clackamas County, number and values statistics not available.

CITY OF MILWAUKIE, OREGON
MISCELLANEOUS STATISTICS
JUNE 30, 1998

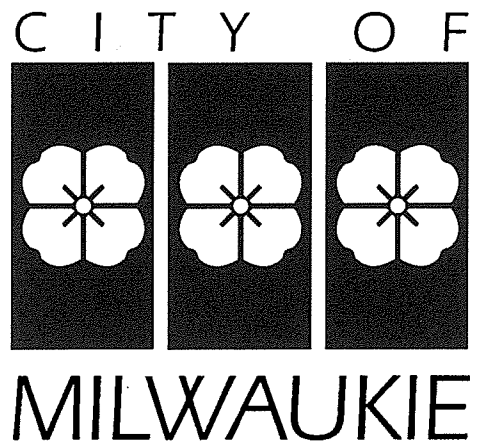
Date of Incorporation	1903		
Form of Government	Council-Mayor-Manager		
Area	4.8 square miles		
Public Safety	<u>Police</u>	<u>Fire</u>	
Number of Stations	1	2	
Number of Officers	31	-	
Education (North Clackamas School District No. 12)	<u>Elementary</u>	<u>Middle/ Junior High</u>	<u>Senior High</u>
Attendance Centers			
Number of Students	17	5	5
Sanitary Sewers	71.5 miles		
Water Lines	82 miles		
Water Reservoirs	3 reservoirs totaling 6 million gallons		
Wells	8 (1 off line)		
Building Permits Issued	230		
Recreation and Culture			
Number of Parks *	11 Parks totaling 80.5 acres		
Number of Community Centers *	1 Center for community activities including senior citizen programs		
Number of Libraries	1 Library with 108,600 catalogued volumes		
Employees			
Classified	113		
Exempt	20		

Source: Information obtained from the various departments of the City.

* Parks and Community Center operated by North Clackamas Parks and Recreation District under terms of an Intergovernmental Agreement.

(1) On January 1, 1998, all fire personnel were transferred to Clackamas Fire Protection District #1. The City of Milwaukie contracted with Clackamas Fire Protection District #1 for all fire and medical emergency services.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**



CITY OF MILWAUKIE, OREGON
AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 1998

STATE OF OREGON COMPLIANCE SECTION

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporate the Minimum Standards for Audits of Oregon Municipal Corporations. These standards, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth following.

Significant Accounting Policies

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the general purpose financial statements.

Organization and Fund Structure

The organization and fund structure of the City is documented in the notes to the general purpose financial statements.

Internal Accounting Control

We have audited the general purpose financial statements of the City of Milwaukie as of and for the year ended June 30, 1998, and have issued our report thereon dated October 16, 1998. As part of our audit, we made a study and evaluation of accounting systems and controls as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness. We did note certain areas in which improvements could be made in our separate communication to management dated October 16, 1998.

Indebtedness

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 1998.

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was not sufficient at times during the year ended June 30, 1998.

CITY OF MILWAUKIE, OREGON

AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)
YEAR ENDED JUNE 30, 1998

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 1998 and 1999, except as noted in the notes to the general purpose financial statements.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 1998. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 295, as it pertains to investment of public funds, during the year ended June 30, 1998.

Public Contracting and Purchasing

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

Use Of State Highway Funds

The City has complied with the legal requirements relating to the use of revenue from taxes on motor vehicle use fuel.

This report is intended for the information of the City Council and management of City of Milwaukie. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

GROVE, MUELLER, HALL & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: _____



Charles A. Swank, A Shareholder

October 16, 1998

CITY OF MILWAUKIE
COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT

Date: January 25, 1999
Hearing Date: January 26, 1999

Applications: Comprehensive Plan Amendment CPA-98-05
Zoning Ordinance Amendment ZA-98-02
Subdivision Ordinance Text Amendment ZA-98-02
Zoning Ordinance Amendment ZA-98-03

Applicant: City of Milwaukie

Subjects: Metro Urban Growth Management
Functional Plan Compliance Plan & Code Revisions
Improved Regulation of Home Occupation and Temporary Structures

PROPOSAL

The Functional Plan Compliance Steering Committee and Community Development staff have prepared proposed amendments to the Comprehensive Plan, Zoning Ordinance, and Subdivision Ordinance to implement the recommendations of the Functional Plan Compliance Report adopted by the City Council on August 19, 1998.

Additionally, amendments are proposed to improve Zoning Ordinance Section 400 Supplementary Regulations affecting home occupation businesses and temporary residential use of structures. These amendments are not required for compliance with the Functional Plan.

RECOMMENDATIONS

That the Planning Commission approve CPA-98-05 AND ZA-98-02 and make recommendation to the City Council for the adoption of ordinances to enact proposed revisions to the Milwaukie Comprehensive Plan, Zoning Ordinance and Subdivision Ordinance contained in Exhibit 1. The adoption of such ordinances is consistent with the City Council's recommendations for revisions as needed to demonstrate compliance with the Metro Urban Growth Management Functional Plan.

That the Planning Commission approve ZA-98-03 and make recommendation to the City Council for the adoption of ordinances to enact proposed revisions to Zoning Ordinance Section 401.1.E, Supplementary Regulations, Limitations, home occupations and Zoning Ordinance Section 417 Temporary Structure Permits.

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EXECUTIVE SUMMARY

All cities and counties within the Metro boundary are required to amend their comprehensive plans and ordinances to comply with the provisions of the Metro Urban Growth Management Functional Plan by February 1999. Accordingly, amendments to Milwaukie's Comprehensive Plan and affected ordinances are being presented to the Planning Commission for its recommendation to the City Council which will hold a public hearing for final adoption on February 16, 1999. The Functional plan has certain provisions that do not require compliance until December 1999. This amendment package includes only those amendments that must be completed by February 1999. The City is seeking a time extension on certain items that must be completed by February 1999. Information on these items will be presented under separate cover.

In September 1998 a special committee composed of Milwaukie Planning Commission members and Neighborhood District Association Land Use Committee Chairs was assembled to identify policy considerations and guide the manner in which amendments would be developed. Steering Committee members and meeting dates are shown in Exhibit 2. Information about the amendments was publicized by way of public notices mailed to all property owners in the city, media reports, distribution of a public information package, and an open house meeting.

Many of the proposed amendments are either administrative or editorial. These changes will not affect the use of property, but rather update planning information and revise administrative procedures. A list of those changes that might have an appreciable effect follows. Please note that the assessment of potential effect is made very conservatively for the benefit of public discussion on the amendment. No specific impacts either positive or negative have been identified.

1. New type of accessory dwelling unit to be permitted in all zones that permit detached single family residences.
2. Revise "Regional Center" to "Town Center" designation.
3. New process for modifying parking requirements with discounts up to 25% of minimum required under certain circumstances.
4. Reduce permitted cul-de-sac and block lengths for new development.
5. Revise Comprehensive Plan housing and population figures and adopt method for calculating buildable land.
6. Adopt new "minimum density standard" for residential development.

Proposed amendments are in Exhibit 1. Summary tables showing compliance report recommendation, section of comprehensive plan and ordinance affected, and existing and proposed regulations in Exhibit 6.

DISCUSSION

Most Significant Potential Effects of Proposed Amendments

1. Permit New Type of Accessory Dwelling Unit: New regulations permitting use of up to 500 square feet of a single family dwelling (in single family zones) as a separate apartment subject to the applicant proving that neighborhood and architectural character will be maintained. Accessory units are not permitted in any detached structure, and either the main dwelling or accessory unit must be owner occupied.

2. Revise "Regional Center" to "Town Center" designation. These amendments change Metro 2040 Design Type of downtown area. Town Center designation is more compatible with actual planning characteristics, population and employment estimates for Milwaukee. The land area of the proposed Town Center will be reduced from land area of the present Regional Center designation. The City Council approved proposed change on January 19, 1999. A letter requesting consideration of the change will be forwarded to Metro. See Exhibit 3 for a recap of the City Council's action.

3. Revise Zoning Ordinance Section 500. Clarifies that all uses are subject to "minimum parking required" and "maximum parking allowed". Further, creates new scheme for determining applicable parking standards based on proximity to transit stops with high frequency service. Creates new process for requesting modification of required parking for residential and commercial uses. Minor changes to parking standards for certain commercial uses. See Exhibit 4 Comparison of Parking Rate Changes.

4. Revise Subdivision Ordinance to reduce maximum street block and cul-de-sac length. All new roads cannot exceed 530 feet in length; the existing block length is 800 feet. All new cul-de-sacs cannot exceed 200 feet in length; the existing maximum length is 400 feet.

5. Adopt housing and population estimates and method of estimation from earlier Functional Plan Compliance documents.

6. Adopt New Development Standards: "Minimum Density". Many property owners are familiar with zoning controls limiting the intensity of development of any site. Restricting aspects of development such as the number of units permitted, building height and required parking normally does this. Under this system the maximum use of the property is restricted by one or more limitations on some feature of physical development or use. The new scheme addresses the *minimum use* of property, rather than the maximum. The Functional Plan requires that certain types of land development provide a *minimum* built density. Residential projects such as mixed-use development, subdivisions, and others subject to a public hearing must provide at least 80% of the number of units permitted by the zoning designation. *This requirement does not apply to minor land partitions or building permits.*

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SUMMARY OF AMENDMENTS BY TITLE.

1. TITLE 1 AMENDMENTS

a. Comprehensive Plan Revisions

1. Adopt estimates of dwelling unit capacity for current zoning on vacant land from Functional Plan Compliance Report.
2. Identify new estimates for single and multi-family housing taken from the Milwaukie 1998 Housing Inventory
3. Update Metro projection of city housing needs and extend planning horizon to 2017.
4. For planning future densities, distinguish area within Regional Center from all other parts of the City.
5. Redefines "buildable lands" and removes environmentally constrained land from buildable land estimate.
6. Adopts new Chapter 4, Table 2.
7. Revises residential land use and planned densities. Densities are generally reduced.
8. Specify residential densities in Regional Center

b. Zoning Ordinance Revisions.

1. Creates new type of Accessory Dwelling Unit
 - a. Allowed in all zones allowing single family residences.
 - b. Establishes protection of neighborhood and architectural considerations as approval criteria.
 - c. Creates new definitions for "accessory dwelling unit. Type 1 unit (new), and renames existing accessory unit type.
 - d. Limits conditions that may be imposed on accessory dwelling units pursuant to Metro requirements.
2. Minimum Density Requirements
 - a. Amends residential zones to require development proposals for subdivision, mixed use, planned unit development, and other applications subject to a public hearing procedure to provide at least 80% of

2. TITLE 2 AMENDMENTS

a. Zoning Ordinance Revisions

1. Revise certain parking standards to comply with Metro Table 2 requirements.
2. Institute new Parking Zone A & Parking Zone B
3. Consolidate, restructure, and expand procedure for requesting modification of parking standards.
4. Reduce minimum required parking for single family residential parking to one space.
5. Exempt independent parking uses such as pay parking lots from "maximum parking allowed" standards.
6. Reformat Section 503.3-Number of Required Parking Spaces. Show Zone A Minimum, Zone A Maximum, and Zone

3. TITLE 4 AMENDMENTS

a. Comprehensive Plan Amendments.

1. Amend Chapter 4, Objective #4 – Industrial Land Use by adopting a new policy specifying that lands shown on Map 7-Land Use are reserved for industrial, manufacturing, distribution, and supporting uses and that siting large-scale retail is inappropriate in these areas.

b. Zoning Ordinance Amendments

1. Amend BI and M zones to specifically prohibit retail in excess of 60,000 square feet.

4. TITLE 6. AMENDMENTS

a. Subdivision Ordinance Revisions

1. Reduce maximum block length in new subdivisions from 800 ft. to 530 ft.
2. Reduce maximum cul-de-sac length in new subdivision from 400 ft. to 200 ft.
3. Requires pedestrian and bicycle connections between new subdivisions and nearby attractions such as shopping, parks, schools, and the like.

WS. 3

4. Allows exceptions to cul-de-sac and block length limits based on environmental constraints, existing development, and other physical barriers.
- b. Zoning Ordinance Revisions
 1. Requires pedestrian and bicycle connections between new subdivisions and nearby attractions such as shopping, parks, schools, and the like.

6. Title 8 Amendments

- a. Comprehensive Plan Amendments
 1. Requires all comprehensive plan amendments to be consistent with the Metro Urban Growth Management Functional Plan and applicable regional policies.
- b. Zoning Ordinance Amendments
 1. Requires all comprehensive plan amendments to be consistent with the Metro Urban Growth Management Functional Plan and applicable regional policies.
 2. Requires City to notify Metro of any application amending the comprehensive plan, zoning ordinance, and subdivision ordinance. Requires that an analysis of consistency be submitted to Metro with all required notices.

PUBLIC INVOLVEMENT PROCESS

Measure 56 Public Notice

This past November citizens of Oregon passed Ballot Measure 56 requiring cities to provide written notice of any planning and zoning proposals that could potentially affect the use of their property. Accordingly, the Community Development Department mailed a notice of public hearings on the proposed amendments to every owner of real property in the city. During the week of December 28, 1998 thousands of notices were delivered to Milwaukie property owners by the US Post Office.

In the days following the mailing, Community Development received numerous calls from property owners who expressed interest in the Functional Plan process and concern about the way in which the proposed amendments might affect use of their properties. A public information packet was developed to help property owners assess how they might be individually affected by the amendments if adopted. It is estimated that over 500 packets were distributed to interested parties.

Unfortunately, the notice suffered from certain flaws. Its wording, largely controlled by content requirements of the enacted bill alarmed many citizens. To

make matters worse, printing defects made 30-40% of the cards undeliverable according to the Post Office. Consequently, a second notice was mailed again to all property owners. The problems experienced with the notice have been examined. Steps have been taken to ensure the next mailing meets the legal requirements of Measure 56 and provides information to property owners without causing undue alarm and concern.

In the weeks following the mass mailing the Planning Department handled an estimated 200 to 250 phone calls. A dedicated message line was created to allow callers to request a callback from a planner or to receive a public information packet.

Open House Meeting

On January 13, 1999 an open house was conducted to provide public information and receive comments from interested persons. It is that 50 to 60 persons attended the evening event. Members of the Functional Plan Compliance Steering Committee, Planning Commission, Milwaukie Planning Department, and Metro representative were on hand to answer questions. Members of the City Council were also in attendance. Notice of the open house was made through mailed invitations, through phone contacts with callers inquiring about the mail notice on public hearings, newspaper advertisements, and an article in the Oregonian. Public information packets were mailed to the City Council, Planning Commission, NDA officers and Land Use Committee Chairs.

CHANGES NOT RELATED TO THE FUNCTIONAL PLAN - ZA-98-03

The Functional Plan Compliance process has created an opportunity to bring forward certain zoning amendments that Community Development staff has been developing. Staff is recommending approval of amendments to regulations concerning home occupations and use of temporary structures. Included in this packet are draft amendments to Zoning Ordinance Section 400-Accessory Supplementary Regulations

Home Occupations:

1. Excludes motor vehicle, boat and trailer repair as home occupation.
2. Restricts the number of on-premise employees to no more than 2 persons not including family members.
3. Excludes the use of the home for distribution of goods or the dispatch of vehicles.
4. Restricts the number of vehicles that can be parked on-premise.
5. Specifies application requirements and approval criteria.
6. Requires all existing home occupations to comply with the new regulations within one year of adoption of ordinance.

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Temporary Structure Permits

Amendments affect process and terms of short-term occupancy of temporary structures such as trailers or mobile homes in cases of emergency or pending construction of a permanent residence. The amendments make it easier to obtain a permit for periods of occupancy up to 6 months. Application for 6-month temporary occupancy does not require notification of neighbors. Period of temporary occupancy in excess of 6 months requires neighbor notification.

1. Changes the review process from a required public hearing to Planning Director's decision for permits up to 6 months.
2. Requires a public hearing for temporary use greater than 6 months.
3. Eliminates use of "mobile home" for temporary use.

DRAFT FINDINGS FOR APPROVAL FOR FUNCTIONAL PLAN COMPLINACE AMENDMENTS

Comprehensive Plan

All amendments to the Comprehensive Plan must be evaluated according to criteria found in Chapter 2, Objective #1 as follows.

1. **Policy 4. Submission of proposed changes to affected governmental units**
The proposed amendments have been distributed to Oregon Department of Land Development and Conservation and Metro in accordance with statutory requirements for notification.
2. **Policy 5. Advertisement of Public Hearings.**
Legal advertisements have appeared or will appear in local newspapers giving notice of the January 26, 1999 and February 26, 1999 public hearings on the amendments. All property owners in the city have been notified by way a mailed noticed in accordance with Measure 56.
3. **Policy 7. Review Criteria.**
 - a. **Conformance with the Comprehensive Plan, its goals, policies, and spirit.**
The amendments preserve the intent, goals and polices of the Comprehensive Plan. There are no departures from stated goals and policies.

- b. Public Need for the Change**
The public need for change is primarily established by the legal requirement for all cities and counties in the Metropolitan Service District to amend their comprehensive plans and ordinances where needed to comply with the Metro Urban Growth Boundary Management Functional Plan.
- c. Public need is best satisfied by this particular change.**
The amendments implement recommendations of the City council and Planning Commission contained in the adopted Functional Plan Compliance Report. Amendments have generally been drafted to result in the least change necessary to implement the recommendations.
- d. The change will not adversely affect the health, safety, and welfare of the community.**
The amendments seek to preserve and improve the health, safety and welfare of the community.
- e. The change is in conformance with applicable Statewide Planning Goals.**
Applicable Statewide Planning Goals have not yet been identified. Additional information on this item may be presented at the Planning Commission public hearing.

ZONING ORDINANCE

All applications for zoning ordinance text amendments are subject Milwaukie Zoning Ordinance Section 904 Requirements for Zoning Text Amendments and Section 905 Approval Criteria for All Amendments as follows.

- a. Applicable administrative requirements of Zoning Ordinance Section 1003.**
The administrative requirements of Section 1003 have been met.
- b. Reasons for requesting the proposed text amendments.**
Text amendments a have been proposed in order to implement recommendations for code and plan revisions as necessary to demonstrate compliance with the Metro Growth Management Functional Plan.
- c. Explanation of how the proposed text amendments are consistent with other provisions of the Zoning Ordinance.**
- d. The approval criteria of Zoning Ordinance 905**

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1. **Conformance with applicable Comprehensive Plan goals, policies, and objectives.**
The amendments are consistent with the Comprehensive plan. See findings for Comprehensive Plan amendments above.
2. **Consistency of proposed development with the intent of the underlying zone.**
The amendments do not result in any development or change of zoning. The above criterion does not apply.
3. **The amendments meet or can reasonably meet applicable regional, state or federal regulations.**
The amendments are consistent with regional policy. There are no applicable federal policies. It is expected that it can be shown that the amendments meet applicable state policies if any.
4. **The proposed amendments demonstrate existing or planned public facilities are sufficient to accommodate anticipated development.**
The amendments do not change existing development potential. This criterion does not apply.

DRAFT FINDINGS OF APPROVAL FOR ELECTIVE AMENDMENTS TO ZONING ORDINANCE SECTION 400 HOME OCCUPATIONS AND USE OF TEMPORARY STRUCTURES

All applications for zoning ordinance text amendments are subject Milwaukee Zoning Ordinance Section 904 Requirements for Zoning Text Amendments and Section 905 Approval Criteria for All Amendments as follows.

- a. **Applicable administrative requirements of Zoning Ordinance Section 1003.**

The administrative requirements of Section 1003 have been met.

- b. **Reasons for requesting the proposed text amendments.**

Home Occupation amendments are being proposed to protect neighborhoods from potential negative impacts of home occupations, and to improve the administration of home occupation applications, and improve enforcement of violations of home occupation regulations.

Amendments concerning occupancy of temporary structures are being proposed to make it easier for persons suffering an emergency to get official approval for temporary occupancy.

c. Explanation of how the proposed text amendments are consistent with other provisions of the Zoning Ordinance.

No conflicts with other provisions of the ordinance have been identified.

d. The approval criteria of Zoning Ordinance 905

1. Conformance with applicable Comprehensive Plan goals, policies, and objectives.

The amendments are consistent with the Comprehensive Plan.

2. Consistency of proposed development with the intent of the underlying zone.

The amendments do not result in any development or change of zoning. The above criterion does not apply.

3. The amendments meet or can reasonably meet applicable regional, state or federal regulations.

The amendments are consistent with regional policy. There are no applicable federal policies. It is expected that it can be shown that the amendments meet applicable state policies if any.

MOP UP

There are a number of loose ends that need to be tracked. A list follows of these details.

1. The proposed Comprehensive Plan amendment establishing a new policy concerning retail uses in industrial areas has an incomplete reference to adopting the applicable Metro Title 4 map. This may be added to the City Council's report if doing so does not cause a procedural problem.
2. Adopt a "net acre" policy. The new amendments concerning "minimum density" in residential zones is based upon the application of "net acre". The amendment defining how "net acre" is calculated was inadvertently omitted from the required notices. It is recommended the Commission adopt an administrative policy implementing the definition in the event the amendment can not go to the City Council due to procedural constraints. The draft definition is in Exhibit 5.
3. Section 402.6 in the amendment for Type 1 Accessory Units contains an error. The strikeout indicates words to be deleted "**Type 1 dwelling units**

WS. 3 12

.may be located in a single family residential structure ~~or an existing accessory structure~~ provided the following criteria are met.”

4. Certain revised parking rates in Table 503.9 should be rounded to simplify application of the regulations. For instance a rate shown as 14.9 can be changed to 15 and still be in substantial compliance with metro requirements.

Exhibits

1. Proposed Amendments for each Title
2. Steering Committee Members and Hearing Dates
3. City Council Recap on Change to Town Center
4. Parking Comparison Rate
5. Definition of “Net Acre”
6. Summary Table for each Title

TITLE 1 AMENDMENTS



MEMORANDUM

TO: Susan Heiser, City of Milwaukie, Planning Director
John Gessner, City of Milwaukie, Associate Planner

FROM: Jean D'Agostino, Chris Eaton, AICP

DATE: 12/30/98

CC:

FILE #: 0152-0005

RE: Conforming Amendments to Comprehensive Plan - Residential Land Use And Housing Element

This memo provides conforming amendments to Chapter 4, Land Use, Residential Land Use and Housing Element, of the Comprehensive Plan. These changes reflect the City of Milwaukie's recent estimates of dwelling unit capacity for current zoning on vacant land. These calculations were prepared for the *City of Milwaukie Metro Functional Plan Compliance Report (Compliance Report)*, dated August 19, 1998, to meet Title 1 of the Functional Plan. To update the City's Comprehensive Plan, we replaced Table 2, Future Housing Characteristics, on page 4RS-4 with Table 2 from the Compliance Report. This table provides recent estimates of dwelling unit capacity on vacant residential land in the City based on current zoning. Additional changes were made to the text of this section of the Comprehensive Plan to support the new capacity estimates provided in Table 2, and to support the methodology from which they were derived.

The most significant change to the text is under Objective #2, where Table 2 is replaced, methodology is changed and added, and discussion of housing types was replaced by a brief discussion of future housing in and outside of the Regional Center. The latter changes were made to reflect the methodology of the new Table 2, which provides density estimates based on current zoning outside the Regional Center and provides a total dwelling unit estimate inside the Regional Center that was derived from the Regional Center Master Plan. New residential density ranges are also provided that reflect the maximum dwelling units per net acre by zoning designation.

Note that Map 6 in the Comprehensive Plan should be updated. The City generated a new vacant buildable lands map in the Compliance Report. Map 6 should be replaced with the new vacant lands map to be consistent with Table 2.

Existing text that we recommend deleting or changing is shown with a ~~strikeout~~. The new material being added is double underlined. Commentary provided by W&H Pacific is shown in *italics*.

Revisions

Page 4RS-1, Background and Planning Concepts, paragraph 1:

The new estimates for single and multifamily housing in the City are derived from the City of Milwaukie 1998 Housing Inventory.

- *Memorandum - continued*
- *Page 2*

"Housing in Milwaukie provides shelter for a population which has income, education, age distribution and employment characteristics similar to Portland metropolitan area averages. Currently, the City's housing stock is composed of ~~73~~ 66 percent single family and ~~27~~ 33 percent multifamily. ~~Since~~ During the 1980's, however, 56 percent of the City's newly constructed housing units have been multifamily. Within the metropolitan area 36 percent of new housing starts are multifamily while in Clackamas County only 28 percent are new multifamily housing starts. Milwaukie has clearly assumed a major role in providing opportunities for constructing a variety of housing types in north Clackamas County."

Page 4RS-1, Background and Planning Concepts, paragraph 2:

The new estimate for projected housing needs in Milwaukie is derived from the Urban Growth Management Functional Plan.

"Metro projects the need for an additional ~~4,600~~ 3,514 housing units in Milwaukie by ~~2005~~ 2017, ~~51% of which will be multi-family.~~

Page 4RS-1, Background and Planning Concepts, paragraph 4:

The new estimate for gross buildable residential acres in Milwaukie is derived from the City of Milwaukie Metro Functional Plan Compliance Report.

"Only ~~328~~ 34.3 gross buildable acres of residential lands outside the Regional Center are available in Milwaukie for future housing or related recreation development. Much of these lands are small single parcels, substandard lots or large developed lots capable of partitioning to provide additional buildable area. Larger parcels are typically found in the Waverly area, along SE Lake Road and Kellog Lake and Creek. The majority of these vacant lands are expected to be fully developed by the year ~~2005~~ 2017 if current housing construction rates continue. . ."

Page 4RS-2, Objective #1 – Buildable Lands, Planning Concept, paragraphs 1 and 2:

When preparing the capacity calculations for the Compliance Report, W&H Pacific used acreage totals where environmental constraints were already removed.

"The way land is used should be determined by the physical characteristics of the land (its slope, stability, vegetation, natural drainage, etc.) and the community's desires about the relationships of uses to each other and to public facilities. In Milwaukie, the relatively flat terrain has posed few problems for construction so that today, only about ~~328~~ 34 total acres remain buildable for residential purposes outside of the Regional Center. ~~Some of these lands, however, Those lands that~~ are in areas where physical constraints have made it difficult and expensive to construct structures using standard building techniques have been excluded from the estimate. On the basis of inventories of these characteristics, as documented in Metro's Title 3 Maps, the Environment and Natural Resources Chapter, and an understanding of their potential relationship to development constraints and opportunities, a Special Policies Classification has been developed. Map 3 (Natural Hazards) illustrates the special classification of buildable lands within the Milwaukie area, as well as the remaining undeveloped lands within the City."

The following Special Policies Classifications appear to be substantially compliant with Metro's constrained lands, therefore no changes are necessary. These will be revisited during conformance amendments related to Title 3.

"Lands with the Special Policies Classification (natural hazards) have constraints that are sufficient to preclude most standard types of development techniques. Bearing in mind that it is technically possible to locate structures on almost any type of terrain, special regulations are justified on these lands to ensure

- *Memorandum - continued*
- *Page 3*

adequate consideration of potential physical problems. Special Policies Classification lands exist in the following areas:

Drainage: All lands within the 100 year flood plain.

Geology: All lands with known hazardous geological conditions, mineral and aggregate deposits.

Slope: All lands with slopes greater than 25 percent.

Wildlife Habitat and Significant Natural Features:

Wetlands and riparian areas along major waterways and other significant natural features.

Soils: All lands with organic/compressible soils, high shrink-swell soils and wet soils with high water tables.

All other lands within the Milwaukie area have few, if any, constraints for development."

Page 4RS-3 and 4. Objective #2 – Residential Land Use: Density and Location. Planning Concept, paragraph 2 and Table 2:

"Table 2 summarizes the amount of vacant buildable land within each residential land use category, and the total number of new dwelling units which would result from full development of these vacant buildable lands, and the amount of residential units by type. These figures do not include density bonuses which may be available in development of high quality, nor the total variety of housing types which may result from Planned Unit Developments or application of the residential density policies. Residential design policies have little or no effect on the number of new units calculated in Table 2. At the time of full development, some 1,144 2,827 new single family dwelling units, added to the 5,254 approximate 8,377 existing single family dwelling units will result in 6,395 11,204 total single family dwelling units and 1,188 new multifamily units, added to the 2,104 existing multifamily units will yield 3,292 total multifamily units. The Regional Center is anticipated to accommodate 1,773 new units (approximately 63 percent of the new units) primarily through infill and redevelopment, while vacant land outside the Regional Center is anticipated to accommodate 1,054 new units. Because nearly all of the remaining buildable vacant land in Milwaukie is designated as low and moderate density land, distribution of future housing types within Milwaukie will be primarily single family outside the Regional Center, with high density housing occurring on redevelopable land in the Regional Center. In addition to these estimates, Milwaukie has the capacity for an estimated 198 Secondary Dwelling Units to be developed on existing and future single family lots. Final distribution of existing and future housing types within Milwaukie will be 66 percent single family and 34 percent multifamily. The overall net residential density at full development will be approximately 6 units per acre while new development will occur at approximately 9 units per acre."

- memorandum - continued

• Page 4

Table 2

Future Housing Characteristics Estimate of Dwelling Unit Capacity on Vacant Lands by Zone

Zone Abbreviation	Gross Unconstrained Vacant Land (Gross Vacant Buildable Land-Outside Regional Center)	Gross Unconstrained Vacant Land Minus Needed Schools, Park, Church, and Street (Net Vacant Buildable Land-Outside Regional Centers)	Min Lot Area Per Unit	Max Res DU Per Net Acre	With Underbuild (du per net acre*.97)	DU Estimate (Outside Regional Center)	Add'l DU from Possible Infill (Outside Regional Center)	DU Estimate from Vacant Redevelopable Land in the Regional Center
R-10	8.31	7.41	10,000	4.36	4.23	36	83	
R-7	19.53	17.95	7,000	6.22	6.04	113	550	
R-5	6.37	5.55	5,000	8.71	8.45	50	221	
R-3	0.12	0.12	3,750	11.62	11.27	1	0	
R-2.5	0.00	0.00	2,000	21.78	21.13	0	0	
R-2	0.00	0.00	2,000	21.78	21.13	0	0	
R-1	0.00	0.00	2,000	21.78	21.13	0	0	
R-1-B	0.00	0.00	2,000	21.78	21.13	0	0	
Totals	34.33	31.03				200	854	1773

Table 2 Methodology Summary (detailed Methodology in Technical Appendix C, City of Milwaukie Metro Functional Plan Compliance Report):

- Dwelling unit capacity was estimated on a parcel-by-parcel basis.
- The City of Milwaukie 1998 Housing Inventory was used to identify vacant residential land in the city.
- Environmentally constrained land, as defined by Metro, was subtracted from gross vacant land to arrive at gross vacant buildable land.
- Gross vacant buildable land was reduced by 5% to account for future needed schools, local and regional parks, and churches.
- A second gross-to-net reduction of 10% or 20% was made for right-of-way, depending on the size of the lot.
- The minimum lot size of each zone was used to determine the maximum dwelling units per acre.
- To account for underbuild, the capacity was reduced by 3% based on a study of actual built densities for housing in Milwaukie (see Technical Appendix B, City of Milwaukie Metro Functional Plan Compliance Report).
- To calculate dwelling unit estimate per vacant lot, the acreage of net vacant buildable land was multiplied by the maximum dwelling units per acre and the underbuild factor.
- Additional units were added to Milwaukie's housing capacity for dwelling units likely to be constructed through infill development. The rate of infill used in the above estimates is based on a local study of partitioning trends in the city.
- Estimates for new dwelling units on vacant and redevelopable land in the Regional Center were added separately. See the City of Milwaukie Regional Center Master Plan for the methodology used to estimate new dwelling units in the Regional Center.

- Memorandum - continued
- Page 5

Page 4RS-4, Objective #2 – Residential Land Use: Density and Location, Policy #1:

1. "Residential densities will be based on the following net* density ranges:

Low Density (Zones R-10, R-7) – up to ~~6.7~~ 6.2 units per net acre
 Moderate Density (Zone R-5) – ~~6.8~~ 6.3 to ~~10.7~~ 8.7 units per net acre
 Medium Density (Zones R-3, R-2.5, R-2) – ~~10.8~~ 8.8 to ~~15.0~~ 21.1 units per net acre
 High Density (Zones R-1, R-1-B) – ~~15.1~~ 21.2 to ~~31.2~~ 24.0 units per net acre
 Regional Center – 25 to 50 units per net acre

*In calculating buildable lands, density standards will be applied to net parcel areas to determine the maximum number of dwelling units allowed. Gross site area will be reduced to net site area according to the following schedule:

- ~~Twenty five percent (25%) of gross site area that is devoted to single family detached units will be reduced for purposes of right-of-way dedication. Areas one acre or larger will be reduced by twenty percent (20%) for the purposes of right-of-way dedication.~~
- ~~Five percent (5%) of gross site area that is devoted to single family attached or multifamily units will be reduced for purposes of right-of-way dedication. Areas greater than 3/8 of an acre and less than one acre will be reduced by ten percent (10%) for the purposes of right-of-way dedication. Areas less than or equal to 3/8 of an acre (16,335 s.f.) are assumed to be platted and receive zero reduction for right-of-way."~~

Page 4RS-5, Objective #2 – Residential Land Use: Density and Location, Policy #1, Single family detached definition:

"Single family detached – a house normally occupied by one family with no structural connection to adjacent units. The unit may be situated at a specified distance from lot lines, or with one wall on a side property line. Typical density is 4 to ~~6.7~~ 6.2 units per acre."

Page 4RS-7, Objective #2 – Residential Land Use: Density and Location, Policy #7:

Add the letter g. to the list of Regional Center characteristics to read the following:

g. Residential densities in the Regional Center are in the range of 25 to 50 units per net acre.

SECTION 400 SUPPLEMENTARY REGULATIONS

401 ACCESSORY USES, GENERAL PROVISIONS

401.1 Limitations

Accessory uses shall comply with all requirements for the principal use except where specifically modified by this Ordinance and shall comply with the following limitations:

- A. Fences, walls, and plantings may be constructed or maintained in yards with the following limitations:

Fences, walls, or plantings shall be constructed or maintained in yards only so as to permit unobstructed vision of passenger vehicle operations when approaching intersecting streets or driveways. Fence, wall, and planting standards to maintain unobstructed vehicle vision are to be provided by City Public Works as part of the Clear Vision determination process specified within the Municipal Code. Fences and walls on lot perimeters in areas other than those obstructing the vision of passenger vehicle operators shall be constructed or maintained to the following standards:

1. Residential zones and residential uses in all zones: Maximum height 6 feet for rear and side yards, 42 inches for front yards. No electrified, barbed, or razor wire fencing is permitted.
2. Commercial zones: Maximum height 6 feet. No electrified wire is permitted. Barbed or razor wire may be permitted for security purposes on top of a maximum height fence, following a Type II Administrative review as per Section 1011.2 in which a determination has been made that the proposed fencing will not adversely impact the health, safety, or welfare of adjacent property occupants. All outdoor storage shall require a 6-foot-high sight-obscuring fence.
3. Industrial zones: Maximum height 8 feet. No electrified wire is permitted. Barbed or razor wire may be permitted for security purposes on top of a maximum height fence, except where such fencing is proposed adjacent to residential zones or residential uses, in which case such may be allowed following a Type II Administrative review as per Section 1011.2 in which a determination has been made that the proposed fencing will not adversely impact the health, safety, or welfare of adjacent property occupants. All outdoor storage shall require a sight-obscuring fence with a minimum height of 6 feet.

In all cases, fence and wall height shall be measured from the top of the fence or wall to the highest ground level within a 1-foot horizontal distance from the fence.

- B. A greenhouse or hothouse may be maintained accessory to a dwelling provided nothing grown is sold on the premises.
- C. A guest house without kitchen facilities may be maintained accessory to a dwelling.
- D. Regardless of the yard requirements of the zone, a side or rear yard may be reduced to 3 feet for an accessory structure erected more than 60 feet from a street other than an alley, provided the structure is detached from other buildings by 6 feet or more and does not exceed a height of one story nor an area of 480 square feet.
- ~~E. A home occupation shall: not occupy more than one quarter of the ground floor area of the dwelling; maintain the residential character of the building; not have the outward appearance of a business; not detract from the residential character of the neighborhood; not involve outside display or storage of merchandise, materials, or equipment on the premises; not cause noise, odor, smoke, gases, fallout, vibration, heat, or glare to be detectable beyond the limits of the property; not involve the use of detached garage; not have more than five enrollees for instruction as a home occupation. Home occupation applications shall be processed per the procedures outlined in Section 1011.1. Type I Administrative review~~
- E. Keeping of livestock or poultry shall be in buildings that fully comply with building and sanitary codes. The keeping of chickens or other domestic or domesticated fowl shall not exceed 50 in number and shall require the written consent of all owners of real property (or a part thereof) within 100 feet of any point on the boundary of the property on which the chickens or domesticated fowl are proposed to be kept.
- F. Keeping of colonies of bees shall be prohibited except that the Planning Commission may approve an application to keep not more than two colonies of bees whenever such application is accompanied by the written consent of all the owners of real property (or a part thereof) within 100 feet of any point on the boundary of the property on which the bees are proposed to be kept.
- G. Regardless of the yard requirements of the zone, a side, rear, or front yard may be reduced to 3 feet for an uncovered patio, deck, or swimming pool not exceeding 18 inches in height above the average grade of the adjoining ground (finished elevation).
- H. Amateur and CB radio equipment and operations shall be considered an accessory use. Radio and television structures or towers outside of dwellings shall be subject to building regulations. Such structures and towers shall conform to height, yard, and other standards of the Zoning Ordinance. Any deviation from these standards will require a variance by the Planning Commission. Operational characteristics and limitations of such equipment shall be as established and administered by the FCC.

402 TYPE 1 ACCESSORY DWELLING UNIT

Type 1 accessory dwelling unit is a permitted accessory use in all residential zones that allow single family detached structures subject to the following.

402.1 Purpose

To provide the means for reasonable accommodation of accessory dwelling units providing affordable and decent housing while providing home owners with alternative financial resources thereby encouraging maintenance of existing housing stock. It is the intent of this section that development of accessory dwelling units not diminish the single family character of a neighborhood and that any single family residence containing an accessory dwelling maintain the appearance of a single family dwelling as viewed from the street. Any conversion or alteration of a single-family structure that requires exterior additions or modifications must be designed so that the outward appearance of the structure is consistent with general design characteristics of single family structures and is consistent with the architectural treatment of the existing structure.

402.2 Approval required

Type I accessory dwelling units are subject to Section 1011.2 Type II Administrative Review. Applications shall be made on forms provided by the Community Development Department and shall be accompanied by the following information.

- A. Completed application forms
- B. Site plan showing the following:
 - 1. Lot lines and location and dimensions of existing and proposed structures with yard dimensions.
 - 2. Location and dimension of existing and proposed parking.
 - 3. Location of structures on adjoining lots.
- C. Dimensioned architectural drawings showing existing and proposed floor plans and elevations. Elevations are to identify existing and proposed details such as siding material, window and door design, roof style and height, and otherwise as necessary to demonstrate compliance with the requirements of this regulation. Floor plans are to identify existing and proposed layout with all spaces identified.

402.3 General

- A. The applicant must demonstrate the proposed modifications comply with applicable building and fire safety codes.
- B. Notwithstanding the maximum allowable gross floor area of 500 square feet, the accessory dwelling unit shall not exceed 40% of the gross floor area of the primary structure.
- C. Construction of an accessory dwelling unit is subject to Milwaukie Municipal Code Chapter 13.28 Capital Improvements.

402.4 Ownership and tenancy

Either the primary residence or the accessory unit must be occupied by the property owner. Proof of owner-occupancy shall be made annually in accordance with a procedure and submission requirements established by the Community Development Director. Ownership

of the accessory units shall not be subdivided or otherwise separated from ownership of the primary residence.

402.5 Business license required

A Milwaukie business license is required for operation of rental property pursuant to Milwaukie Municipal Code Chapter 5.04.

402.6 Use, alteration, or conversion of structure

Type I accessory dwelling units may be located in a single family residential structure or an existing accessory structure provided the following criteria are met.

- A. All exterior modifications shall be consistent with general design characteristics of single family residential design. In reviewing applications for exterior modifications for consistency of architectural treatment with existing design, consideration shall be given to design elements such as but not limited to placement of doors and windows, finish materials, location of parking, lighting and the like.
- B. For fronting lots, only one entrance to the residential structure shall face the street. Exterior access to the accessory unit shall be located in side or rear yards or by means of the existing main entrance.
- C. No portion of a building that encroaches within a required yard setback may be converted to or used as an accessory dwelling unit.
- D. Exterior lighting for accessory unit doorways shall not encroach beyond the property line of the lot on which it is located.
- E. No fire escape or exterior stair for access to an upper level may be located on the front of the building.
- F. No more than one accessory dwelling unit per lot is permitted.

402.7 Required parking

Off street parking shall be provided in accordance with Section 500. If new parking must be constructed to meet minimum required parking it shall be located contiguous to existing parking.

403 STORAGE IN FRONT YARD

Vehicles that are partially dismantled or do not have a valid State license shall not be stored more than 10 days in a required front yard or street side yard. All vehicles, licensed or unlicensed, shall be stored in driveway areas only. Vehicles used for commercial purposes (such as trucks) shall be screened or stored from view of the street.

404 CLEAR VISION AREAS

project. If abutting parcels have a variety of allowable residential densities, parcels with similar allowable densities abutting the highest percentage of the project perimeter will govern.

415 MINIMUM VEGETATION

In the vegetation area a maximum of area shall be for planting and a minimum for bark dust. Plans for development shall include landscaping plans which shall be reviewed for conformance to this standard.

416 DENSITY AND DEDICATION OF PARK LAND

In exchange for the dedication of park land, residential density may be increased (and lot sizes decreased) so that overall parcel density remains the same.

417 DENSITY AND HOUSING COST

For any housing development proposed, an additional housing unit will be allowed for each unit priced for sale at 25 percent below the average new single-family housing cost. The cost shall be that established in the most recent edition of "Real Estate Trends", published semiannually by the Metropolitan Portland Real Estate Research Committee, Inc. Overall project density may not exceed the allowable density plus 10 percent. The planned unit development density increase specified in Section 319 and this density increase are additive.

418 TEMPORARY STRUCTURE PERMITS

418.1 Requirements for approval

Upon application of the property owner, the Community Development Director may approve the location of a temporary structure, such as a ~~mobile home~~, ~~motor home~~, ~~motor home~~, recreational vehicle, or trailer house, for use as a temporary residence during construction of a permanent dwelling for a period not to exceed ~~12~~ months where:

- A. there is an emergency hardship resulting from a natural catastrophe such as fire, flood, storm, etc.;
- B. the applicant has applied for a building permit for a permanent dwelling;
- C. the temporary structure will be owner-occupied;
- D. the temporary structure must be removed upon completion of the permanent structure and prior to the issuance of the final certificate of occupancy;
- E. the use is consistent with the Milwaukie Comprehensive Plan; or
- F. there is no other reasonable alternative to use of a temporary structure.

418.2 Approval conditions

In addition, the applicant must satisfy the following conditions for approval:

- A. City approval of a sewage disposal system for the structure.
- B. Screening of the structure to minimize any adverse visual impact on surrounding property.
- C. Placement of manufactured skirting around the structure.
- D. Any other condition imposed by the Community Development Director to safeguard the public health, safety, convenience, and general welfare.

418.3 Review process

Applications for temporary structures shall be processed according to subsection ~~1011.2, Type H~~ 1011.1, Type I Administrative review. Temporary permits that exceed the 6-month time period allowed under 418.1 must be reviewed by the Planning Commission under Section 1011.3.

419 MANUFACTURED DWELLING PARKS

419.1 Purpose

This Section is intended to complement the policies of the Comprehensive Plan to provide for a variety of housing types including manufactured dwelling parks in areas with suitable services and facilities in zones allowing 6-12 dwelling units per acre.

419.2 Application

Manufactured dwelling park developments are only allowed in the R-3, R-5, and R-7 Zones. A site plan review is required prior to development of a manufactured dwelling park within these zones. The development must show conformance with all requirements of this Section.

Each application for a manufactured dwelling park shall include a plot plan drawn to scale of the specific layout of the entire park. The plot plan shall include both the dimensions and the existing and proposed locations of all utilities, roadways, structures, parking, landscaping and open areas, and manufactured dwelling spaces on the site. In addition, the location of structures on adjacent properties shall be shown.

419.3 General requirements

Manufactured dwelling parks shall be subject to review under subsection 1011.3 of the Zoning Ordinance, Minor Quasi-Judicial review.

419.4 Development requirements

All manufactured dwelling parks shall meet the following minimum requirements:

- A. The minimum size of a manufactured dwelling park shall be 2 acres.

Manufactured homes placed on individual lots shall meet the following standards:

- A. The unit shall be multisectional (double-wide or wider) and enclose a floor area of not less than 1,000 square feet.
- B. The unit shall be placed on an excavated and backfilled foundation with the bottom no more than 12 inches above grade and enclosed at the perimeter by skirting of pressure treated wood, masonry, or concrete wall construction and complying with the minimum setup standards of the adopted State Administrative Rules for Manufactured Dwellings, Chapter 918.
- C. The unit shall have a roof with a pitch of at least 3 inches in 12 inches.
- D. The unit shall have a garage or carport constructed with exterior siding and roofing which, in color, materials, and appearance, matches the manufactured home. The Community Development Director may, at the time of placement permit application, require an attached or detached garage in lieu of a carport where such is consistent with the predominant construction of immediately surrounding dwellings.
- E. The unit shall have exterior siding and roofing which, in color, materials, and appearance, is similar to the exterior siding and roofing material commonly in use on residential dwellings within the community or which is comparable to the predominant materials used on surrounding dwellings as determined by the Community Development Director. Materials that shall not be allowed include bare metal siding or roofing.
- F. The unit shall be certified by the manufacturer to have an exterior thermal envelope meeting performance standards which reduce levels equivalent to the performance standards required of single-family dwellings constructed under the State building code as defined in ORS 455.010.
- G. The unit shall comply with the definition for manufactured home as identified in this Section.
- H. The unit shall comply with single-family parking and paving standards as described in Section 500.

420.5 Implementation of siting standards

- A. For unit placement on an individual lot within all R-Zones, the siting standards shall be administered as part of the building permit process for the unit placement.
- B. Manufactured home placement as authorized by the temporary structure permit process of Section ~~417~~418 is not subject to the siting standards of this Section.

420.6 Occupancy of units

All approval and siting standards of this Section shall be complied with before a manufactured home placed on an individual lot may be approved for occupancy.

420.7 Review processes

- G. The recycling collection area and containers must be clearly labeled, to indicate the type and location of materials accepted, and properly maintained to ensure continued use by tenants.
- H. City Fire Department approval will be required for all recycling collection areas.
- I. Review and comment for all recycling collection areas will be required from the appropriate franchise collection service.

421.5 Review of recycling collection areas

- A. Review of recycling collection areas for new multifamily dwelling projects that require conditional use approval shall be made by the Planning Commission following the procedures of Section 1011.3, Minor Quasi-Judicial review.
- B. Review of recycling collection areas for new multifamily projects that are permitted outright shall be made at the time of project building permit review following the procedures of Section 1011.1, Type I Administrative review.

422 HOME OCCUPATIONS

A home occupation shall be allowed as an accessory use in all zones in which residential use is permitted by right. No home occupation shall be approved for a use which is not reasonably demonstrated to be accessory and clearly incidental to the home. Home occupations are subject to the following standards and restrictions.

422.1 Home occupation use standards

A home occupation shall:

- A. be incidental and accessory to the residential use of the property;
- B. maintain the residential character of the building and premises;
- C. not have the outward appearance of a business;
- D. not detract from the residential character of the neighborhood; and
- E. be owned and operated by an occupant of the dwelling.

422.2 Prohibitions and use restrictions

- A. Outside display or storage of merchandise, materials, or equipment on the premises or any adjacent right-of-way is prohibited.
- B. Creation of noise, odor, smoke, gases, fallout, vibration, heat, or glare that is detectable beyond the limits of the property is prohibited.
- C. In the case of on-premise instruction, no more than 5 enrollees shall be present at the same time.
- D. Motor vehicle, boat, or trailer repair is prohibited as a home occupation.

- E. No more than 2 persons, not members of the family residing on the premises, may be engaged in on-premise activities associated with the business, except for uses such as child and adult day care or foster care where such uses are subject to minimum staffing requirements by County or State public health or social service agencies.
- F. Use of the home to distribute equipment, goods, and materials, or to dispatch vehicles or employees, is prohibited.
- G. Use of the premises for parking of employee vehicles, when the employees are not on the premises, is prohibited.
- H. Use of the premises for parking of more than 2 vehicles used by the home occupation is prohibited.

422.3 Permitted signage

Only 1 home occupation sign is permitted on any property with an approved home occupation. Home occupation signs shall conform to standards governing "on-premise signs" in accordance with Section 14.12.010(a) of the Milwaukie Municipal Code. Home occupation signs shall not be located within the public right-of-way. Home occupation signs located within the public right-of-way may be removed by the City without prior notice.

422.4 Approvals required

No business or commercial activity may be conducted without prior approval of a home occupation application by the Planning Director. All applications for home occupation shall be submitted to, and in such form as may be required by, the Planning Director. Home occupations require a Milwaukie Business License.

422.5 Term of approval

Home occupation approvals are in effect for 1 year from the official date of approval, as shown on the application form. Continuation of business activity associated with an expired home occupation shall be considered a violation of these regulations.

422.6 Annual renewal required

All approved home occupations require annual renewal. Home occupation renewals shall be submitted to the City of Milwaukie Planning Director no later than 1 month prior to the expiration date. Annual renewals shall be reviewed for consistency with the standards governing home occupations. It is the responsibility of the operator of the home occupation to submit application for renewal.

422.7 Approval process

Applications for home occupation shall be subject to review procedures of subsection 1011.1, Type I Administrative review, except that the Planning Director shall require a Type II Administrative review upon a finding that:

- A. more than 1 vehicle associated primarily with the business is parked on the site for more than 8 hours per day; and/or

B. for renewals, any enforcement action was brought for violation of home occupation regulations in the year prior to the application for renewal, or enforcement action was brought to seek compliance with conditions of prior approval in the year prior to the application for renewal.

Applications for home occupation may be approved, denied, or approved with conditions.

422.8 Revocation

A home occupation approval may be revoked by the Planning Director upon a finding that the permit was issued on the basis of incomplete or inaccurate information, that activities related to the home occupation are inconsistent with the standards of this Section, that activities related to the home occupation are inconsistent with conditions of approval, or that activities not related to the home occupation being conducted on the same premises constitute a violation of any section of the Milwaukie Municipal Code and related ordinances. No aspect of this Section shall prevent enforcement of violations as otherwise provided in this Ordinance or the Milwaukie Municipal Code.

422.9 Application fee

A fee established by resolution of the City Council shall be paid to the City of Milwaukie upon the filing of an application. Such fees shall not be refundable.

422.10 Nonconforming home occupation time limit

Home occupations made nonconforming by the adoption of this Section may be continued for a period of 1 year from the effective date of the Section. Thereafter, all home occupations shall be required to comply with these regulations.

422.11 Limitations

Only 1 home occupation is allowed per residence, except that 2 may be permitted provided no employees not residing in the home are engaged in the conduct of any business activity on the premises.

Zoning Ordinance Revisions for Metro Title 1- 80% minimum density

Section 301.3 - Add :

- K. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 3.5 to 4.4 dwelling units per net acre.

Section 302.3 - Add :

- K. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 5.0 to 6.2 dwelling units per net acre.

Section 303.3 - Add :

- L. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 7.0 to 8.7 dwelling units per net acre.

Section 304.3 - Add :

- L. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 11.6 to 14.5 dwelling units per net acre.

Section 305.3 - Add :

- K. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 11.6 to 17.4 dwelling units per net acre.

Section 306.3 - Add :

- L. Minimum density: Minimum development densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 11.6 to 17.4 dwelling units per net acre.

Section 307.3 - Add :

- L. Minimum density: Minimum residential densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 25 to 32 dwelling units per net acre.

Section 308.3 - Add :

- M. Minimum density: Minimum residential densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 25 to 32 dwelling units per net acre.

Section 309.3 - Add :

- M. Minimum density: Minimum residential densities for Subdivision, Planned Unit Development, Mixed Use Development and other proposals reviewed by the Planning Commission pursuant to Section 1103.1, Minor Quasi-Judicial review, shall be at least 25 to 32 dwelling units per net acre.

Dwelling unit: Means one or more rooms designed for occupancy by one family, but excluding a recreational vehicle.

~~Secondary Dwelling Unit:~~ Means a dwelling unit allowed in conjunction with another dwelling unit either by means of existing space or by means of an addition.

~~Dwelling, single-family~~ **Single-family attached:** Means two dwelling units, each occupied as a housekeeping unit, sharing common structural walls.

~~Dwelling, single-family~~ **Single-family detached:** Means a house or a manufactured home normally occupied by one family with no structural connection to adjacent units. The dwelling and lot are usually under single ownership.

~~Dwelling, multifamily~~ **Multifamily apartment:** Means a single structure containing three or more dwelling units, usually for rent, and sharing common structural walls.

~~Dwelling, multifamily~~ **Multifamily condominium:** Means a single structure containing three or more individually owned dwelling units, with all other common elements jointly owned on a specified basis.

~~Dwelling, interior~~ **Interior single-family attached, interior multifamily condominium:** Means that dwelling unit or units that are interior to the whole residential structure and does not include the dwelling units that are on the ends of the structure facing lot lines.

Accessory dwelling: Means a dwelling unit that is clearly incidental and subordinate to a detached single family dwelling, located in either a single family structure or in an accessory structure located on the same lot as the primary residential structure, and designed for occupancy by a house keeping unit, and not containing more than one cooking facility. For the purpose of this definition "cooking facility" shall mean an oven, stove, range or other device used or intended for the preparation or heating of food and, further that plumbing fixtures for water supply and waste other than in a bathroom are located in the unit.

Type 1 accessory dwelling: Means an accessory dwelling unit not less than 225 square feet gross floor area and not more than 500 square feet gross floor area and meeting the requirements of Section 402. For the purpose of this section gross floor area is measured from the inside face of walls enclosing the unit including all storage space, closets, halls, stairwells, and rooms.

Type 2 accessory dwelling: Means an accessory dwelling unit other than a Type 1 Accessory Dwelling Unit as permitted by Section 602.10.

Eating establishment: Means a restaurant or other similar business establishment with the primary function of serving food, prepared to order, to the public, and may serve alcoholic beverages at the dining table. This establishment may or may not have an attached drinking establishment.

Family: Means any person or group of persons living within a single housekeeping unit as defined in this Section.

Family day care: Means a private residence occupied by the family day-care provider in all areas zoned for residential or commercial purposes and used as a home occupation by the provider for the care of fewer than 13 children, including children of the provider, regardless of full-time or part-time care status.

- B. Relationship to neighboring uses.
- C. Street access.
- D. Terrain of the site. The project shall not cause traffic to move through the adjoining lower density areas.

602.8 Multifamily condominium and apartment dwellings

In considering a conditional use application for multifamily condominium and apartment dwellings, the Planning Commission shall consider the following:

- A. Relationship to neighboring uses.
- B. Street access.
- C. Terrain of the site.

The project shall not cause traffic to move through adjoining lower density areas.

602.9 Senior and retirement housing

In considering a conditional use application for senior and retirement housing the Planning Commission shall consider the following:

- A. Pedestrian access to transit.
- B. Pedestrian access to convenience facilities such as grocery store, pharmacy, laundromat, park and open space, and senior activity center.
- C. Pedestrian access to banking, churches, hospitals, and restaurants.
- D. Quality of project as a living environment for residents.
- E. Minimizing impact on the surrounding area.

The Planning Commission may recommend to the City Council an increase in density to as much as that permitted by the next higher zone. The City Council shall make the final decision on density increase.

An applicant is required to submit materials and the Planning Commission shall attach conditions which will ensure that the special nature of the housing, and groups to be served, are clearly defined and maintained in perpetuity. Also a project is required to meet the definition for this type of housing defined in Section 103.

602.10 ~~Secondary~~ Type 2 accessory dwelling unit

A ~~secondary~~ Type 2 accessory dwelling unit may be allowed in conjunction with a detached single-family dwelling by conversion of existing space, or by means of an addition.

- A. Requirements for conversion of existing space or addition:

1. The unit is in conformance with the site development requirements of the underlying zone.
 2. One off-street parking space is provided for the ~~secondary~~accessory unit in addition to the required parking for the primary dwelling.
 3. Garage or carport space may not be converted to a ~~secondary~~an accessory dwelling unit, unless parking standards can be met after the completion of the unit.
 4. Public facilities must be adequate to serve both dwelling units, as determined by the Public Works Department.
 5. One unit shall be occupied by the property owner.
 6. The Planning Commission may impose conditions regarding height modification, modification of building height, landscaping, buffering and orientation of the ~~secondary~~accessory unit to protect privacy of the neighbors, and any other conditions deemed necessary to ensure compliance with the requirements of this section, except that no condition may be imposed that prohibits rental occupancy, separate access, and full kitchens in any accessory unit.
 7. Conditions of approval shall be part of the deed restrictions.
 8. No more than one additional unit is allowed.
- B. Requirements for conversion of existing space:
1. Cannot exceed 50 percent of the existing structure.
 2. Each unit shall be a minimum of 250 square feet.
 3. No fire escape or exterior stair for access to an upper level may be located on the front of a building.
- C. Requirements for addition:
1. Does not exceed one bedroom
 2. The maximum area is 800 square feet.

Functional Plan Compliance Public Information Packet
January 4, 1999

TITLE 2 AMENDMENTS

SECTION 500 OFF-STREET PARKING AND LOADING

501 PURPOSE

The purpose of this Section is to provide adequate off-street parking and loading, to avoid congestion on the streets, to avoid unnecessary conflicts between vehicles and pedestrians, to encourage the use of bicycles and mass transit, and to facilitate access from streets to off-street parking lots and from structures to off-street parking and loading spaces.

502 APPLICABILITY OF PROVISIONS

The standards and procedures of Section 500 shall apply to all development, remodeling, and changes of use that increase parking and loading demand.

The standards and procedures of this Section shall also apply to uses with nonconforming parking and loading facilities, in an attempt to bring them into conformance with current standards when remodeling or change in use occurs.

503 OFF-STREET PARKING STANDARDS

503.1 General provisions

- A. Off-street parking shall be required in all districts except for the C-C Zone (which may be considered under subsection 507.C) and in connection with all uses. Off-street parking shall be provided at the time the structure is erected, prior to the issuance of a certificate of occupancy, at the time any use of a structure or land is enlarged, or when there is an increase in density or intensity.
- B. Off-street parking shall be provided on the site unless joint use or shared parking is approved and is located within 300 feet of the principal structure or use.
- C. It shall be the obligation of the property owner to comply with the regulations of Section 500 and to maintain the parking area.
- D. Parking areas shall be available for the parking of operable vehicles of residents, customers, and employees and shall not be used for the storage of vehicles or materials.

503.2 Shared parking

Shared parking shall be permitted for two or more uses when there is no conflict in operating hours. Parking spaces shall be no further than 300 feet from the principal structure(s) or use(s). Legal documentation shall be recorded with the County, and provided to the City, between separate developers sharing parking prior to obtaining a building permit.

503.3 Minimum number of required parking spaces and maximum allowable parking

- A. Parking shall be provided for all uses in accordance with specifications of Table 503.9. Where a use is not named in Table 503.9, determination of applicable parking standards shall be made in accordance with Section 503.5.
- B. Except as provided herein, parking provided shall not be less than "minimum parking required" nor shall parking provided exceed "maximum allowable parking" as shown in Table 503.9.

503.4 Special exemption from maximum allowable parking standards

The following uses shall be exempt from maximum allowable parking standards of Table 503.9. This exemption does not limit any provision or authority to restrict the size, location, or design of such uses. On sites where the following parking is provided, it shall not be included in the parking count used for determining maximum allowable parking.

- A. Structured parking
- B. Valet lots
- C. Pav lots
- D. Employee car pool parking when such areas are dedicated by way of on-site reservation or dedication
- E. Fleet parking
- F. Automobile sales lots
- G. Truck loading areas

503.5 Determination of parking zone classification

- A. Zone A
1. All areas zoned Mixed Use Overlay shall be classified Zone A; and
 2. all properties located within one-quarter mile walking distance of a transit bus stop that provides 20-minute peak hour service shall be classified Zone A. In determining walking distance, the shortest course measured along sidewalks, or improved pedestrian ways, or streets where sidewalks or improved pedestrian ways are not present, shall be used. Walking distance shall be measured from the nearest point of the subject lot located along the nearest street frontage that allows for the shortest walking distance. The transit provider shall be the official source for transit stop location and peak service availability.
- B. Zone B
1. All properties not located within Zone A shall be classified Zone B.

503.6 Determination of required parking for unlisted uses

The Planning Director shall determine the minimum required parking spaces and maximum allowable parking spaces for all uses not listed in table 503.9; unless an application is under review by the Planning Commission, in which case the Commission shall make the determination. In all determinations for unlisted uses, the applicant shall be required to submit studies or technical information about the use, parking demand, traffic (vehicle trip) generation, and otherwise as deemed necessary to make a determination. The City may consider testimony and publications of individuals, agencies, or institutions experienced in parking and traffic engineering in its determination of parking standards.

503.7 Reduction of required parking

Notwithstanding provisions for modification of parking requirements found in Section 503.8, the following reductions of minimum required parking may be taken by right. Reductions provided below may not be taken jointly. No reduction taken pursuant to this section shall discount required minimum parking used in any request for modification of required parking. In determining walking distance, the shortest course measured along sidewalks, or improved pedestrian ways, or streets where sidewalks or improved pedestrian ways are not present, shall be used. Walking distance shall be measured from the point on the subject lot located nearest to the transit stop along the shortest course.

- A. Parking for commercial and industrial uses may be reduced by 10% providing the development is within 500' walking distance of a transit stop.
- B. Parking for multifamily uses may be reduced by 10% providing the development is located within 500' walking distance of a transit stop.

503.8 Modification of minimum and maximum parking

- A. Minimum parking required and maximum parking allowed may be modified by the Planning Director; unless there is an application under review by the Planning Commission, in which case the Commission shall consider the request for modification. Any request must demonstrate the modification is acceptable through parking and traffic analyses prepared by a qualified professional using methods generally accepted in the field. The procedure for Planning Director review shall be in accordance with Section 1011.1, Type I Administrative Review. This provision shall not be used in cases of zoning hardship. Any proposed modification of parking related to hardship shall be reviewed in accordance with variance procedures in Section 700.
- B. For uses requiring a minimum of 10 or more parking spaces, inclusive of all uses in the case of mixed used, required parking may be reduced by up to 15% of the minimum required for sites located in Parking Zone A, upon a demonstration the modification is warranted pursuant to Section 503.8.A and meets the following criteria.
 - 1. Will not result in undue site congestion; and
 - 2. will not result in traffic hazards on the site or adjoining streets; and

3. will not result in an undue reduction in the availability of on-street parking or parking located in facilities owned and/or operated by the City.

C. A reduction of up to 25% of total required parking may be granted for new development, redevelopment, and substantial improvements subject to 503.8.A and 503.8.B in such cases where:

1. The project is utilizing shared parking in accordance with Sec. 503.2; or

2. For mixed use projects, the site is located within Parking Zone A and no less than 1/2 of the total gross floor area is dedicated to residential uses.

For the purposes of this section, "substantial improvement" shall mean any construction, renovation, or modification where the value of proposed site and building improvements exceeds 30% of the value of the land and buildings thereon. Any request for reduction of required parking pursuant to 503.8.C shall be subject to Section 600, Conditional Uses.

D. Mitigation of adverse impacts such as those named above in 503.8.B may be required as a condition necessary to make a reduction of required parking acceptable.

E. Maximum parking allowed may be increased up to 15% of the applicable standard, subject to Section 503.8.A, and further subject to compliance with all zoning standards and management of related storm water runoff.

503.9 Number of required off-street parking spaces

(PLEASE NOTE: The following table replaces the previous Table 503.3. The information is rearranged; however, the only substantive text changes are to the subsections which appear in *bold italic.*)

Table 503.9 Minimum to maximum off-street parking requirements:			
Use	Minimum Required	Zone A Maximum Allowed	Zone B Maximum Allowed
A. Residential uses			
1. <i>1- and 2-unit attached home; manufactured home; single-family detached</i>	<i>1 covered space per dwelling unit.</i>	<i>Not applicable.</i>	<i>Not applicable.</i>
2. Flag lots	1 additional parking space per dwelling unit, which shall not be located within any access strip or required paved turnaround area.	Not applicable.	Not applicable.
3. <i>Studio or 1-bedroom residential unit 500 sf or less (see Section 100)</i>	<i>1 space per dwelling unit; enclosure/cover not required.</i>	<i>None.</i>	<i>None.</i>
4. Attached dwellings containing 3 or more dwelling units	1.25 spaces per dwelling unit, one of which shall be covered. 1 space (10 feet by 25 feet) for every 12 dwelling units for recreational vehicles, boats, etc.	2 spaces per dwelling unit, one of which shall be covered. 1 space (10 feet by 25 feet) for every 12 dwelling units for recreational vehicles, boats, etc.	Same as Zone A
5. Mobile home park	2 spaces per dwelling unit, one of which shall be covered. 1 space (10 feet by 25 feet) for every 10 dwelling units for recreational vehicles, boats, etc.	Same as minimum.	Same as Zone A
6. Residential employees, staff, caregivers, and caretakers	1 space per each full-time equivalent (FTE) employee or fraction thereof over .5 FTE, in addition to the normal residential space requirements.	Same as minimum.	Same as Zone A
B. Residential support uses			
1. Church	1 space per 5 seats, or 1 space per 12 lineal feet of bench.	1 space per 3 seats, or 1 space per 8 lineal feet of bench.	Same as Zone A
2. College, university, institute of higher learning	1 space per 3 students.	1 space per 2 students.	Same as Zone A
3. Day-care center	1 space per employee on the largest shift, plus 1 space per facility vehicle, plus 1 space per 8 pupils.	1 space per employee on the largest shift, plus 1 space per facility vehicle, plus 1 space per 5 pupils.	Same as Zone A

4. School— elementary or junior high	1.75 spaces per classroom.	1.5 spaces per classroom.	Same as Zone A
5. School—senior high	.33 space per student, plus 1 space per staff.	.25 space per student, plus 1 space per staff.	Same as Zone A
C. Lodging places			
1. Motel, hotel	.9 space per lodging unit.	1.1 spaces per lodging unit.	Same as Zone A
2. Boarding house	1 space per guest room.	1.25 spaces per guest room.	Same as Zone A
3. Bed and breakfast establishment	1 space per guest room, plus 1.5 spaces per permanent residents.	1 space per guest room, plus 2 spaces per permanent residents.	Same as Zone A
D. Places of public assembly			
1. Auditorium or meeting room (other than church or school)	1 space per 4 seats, or 1 space per 60 square feet of floor area.	1 space per 3 seats, or 1 space per 45 square feet of floor area.	Same as Zone A
2. Club, lodge, or association	1 space per 4 persons allowed within the maximum occupancy load as established by local, State, fire, building, or health codes.	1 space per 3 persons allowed within the maximum occupancy load as established by local, State, fire, building, or health codes.	Same as Zone A
3. Library, museum, art gallery	1 space per 1,000 square feet of gross floor area.	1.2 spaces per 1,000 square feet of gross floor area.	Same as Zone A
E. Commercial uses—recreational			
1. Amusement park	1 space for each 1,000 square feet of gross floor area.	Same as minimum.	Same as Zone A
2. Billiard hall	1 space per table, plus 1 space per employee of the largest shift.	Same as minimum.	Same as Zone A
3. Bowling alley	2 spaces for each alley, plus 1 space per employee of the largest shift.	4 spaces for each alley, plus 1 space per employee of the largest shift.	Same as Zone A
4. Dance hall, skating rink, or gymnasium	1 space per 100 square feet of gross floor area.	1 space per 50 square feet of gross floor area.	Same as Zone A
5. Golf driving range	1 space per each driving tee.	1.5 spaces per each driving tee.	Same as Zone A
6. Indoor arena or theater	1 space per 4 seats, or 1 space per 5 occupants as calculated under the Uniform Building Code.	1 space per 3 seats.	Same as Zone A
7. Miniature golf	1.25 spaces per hole.	1.5 spaces per hole.	Same as Zone A
8. Race track or stadium	1 space per 4 seats, or 1 space for 8 feet of bench length.	1 space per 3.5 seats, or 1 space for 6 feet of bench length.	Same as Zone A
9. Indoor racquet courts	2 spaces per court, plus 1 space per employee of largest shift.	3 spaces per court, plus 1 space per employee of largest shift.	Same as Zone A
F. Commercial uses—retail goods			
1. Eating and drinking establishments			
a. Sit-down	10 spaces per 1,000 square feet of gross floor area.	15 spaces per 1,000 square feet of gross floor area.	Same as Zone A

<i>b. Fast food</i>	<i>9.9 spaces per 1,000 square feet of gross floor area, plus minimum of 5 off-street waiting spaces per drive-in lane.</i>	<i>12.4 spaces per 1,000 square feet of gross floor area, plus minimum of 5 off-street waiting spaces per drive-in lane.</i>	<i>14.9 spaces per 1,000 square feet of gross floor area, plus minimum of 5 off-street waiting spaces per drive-in lane.</i>
2. Convenience store	4 spaces per 1,000 square feet of gross floor area.	5 spaces per 1,000 square feet of gross floor area.	Same as Zone A
3. Grocery store	<i>1 space per 245 square feet of gross floor area.</i>	<i>1 space per 200 square feet of gross floor area.</i>	<i>1 space per 165 square feet of gross floor area.</i>
4. Apparel and department stores	3 spaces per 1,000 square feet of gross floor area.	4 spaces per 1,000 square feet of gross floor area.	Same as Zone A
5. Furniture and home furnishings	1 space per 1,000 square feet of gross floor area.	1.5 spaces per 1,000 square feet of gross floor area.	Same as Zone A
6. Gas stations			
a. Gas-only	1 space per 4 pumps.	1.25 spaces per 4 pumps.	Same as Zone A
b. Full-service	1 space per 4 pumps, plus 2 spaces per service bay, plus 1 space per each 1.5 employees of the largest shift.	1.25 spaces per 4 pumps, plus 2 spaces per service bay, plus 1 space per each 1.5 employees of the largest shift.	Same as Zone A
7. Auto, boat, or trailer sales	1 space per 1,000 square feet of gross showroom floor area, plus 1 space per 2 employees of the largest shift.	2 spaces per 1,000 square feet of gross showroom floor area, plus 1 space per 2 employees of the largest shift.	Same as Zone A
G. Commercial uses—services			
1. Banking			
a. Automatic teller	2 spaces per machine.	Same as minimum.	Same as Zone A
b. Bank (walk-in only)	3 spaces per 1,000 square feet of gross floor area.	4 spaces per 1,000 square feet of gross floor area.	Same as Zone A
c. Bank (with drive-in windows)	3 spaces per 1,000 square feet of gross floor area, plus sufficient stacking room for 4 cars and a bypass lane.	3.5 spaces per 1,000 square feet of gross floor area, plus sufficient stacking room for 4 cars and a bypass lane.	Same as Zone A
2. Barber shop or beauty parlor	1 space per 125 square feet of floor area.	1 space per 100 square feet of floor area.	Same as Zone A
3. Health practitioner's office	4 spaces per 1,000 square feet of floor area.	5 spaces per 1,000 square feet of floor area.	Same as Zone A
4. Animal hospital/veterinary clinic	4 spaces per 1,000 square feet of floor area.	5 spaces per 1,000 square feet of floor area.	Same as Zone A
5. Hospital	1 space per bed.	2 spaces per bed.	Same as Zone A
6. Nursing, convalescent, and extended-care facilities	1 space per 4 beds.	1 space per 3 beds.	Same as Zone A
7. Professional services	<i>1 space per 370 square feet of floor area.</i>	<i>1 space per 295 square feet of floor area.</i>	<i>1 space per 245 square feet of floor area.</i>
8. Personal services	1 space per 125 square feet of floor area.	1 space per 100 square feet of floor area.	Same as Zone A
9. Repair shops (items other than motorized vehicles)	1 space per 350 feet of gross floor area.	1 space per 300 feet of gross floor area.	Same as Zone A
10. Car wash			

a. Self-serve	2 spaces, plus 1 space per wash bay (clear of the right-of-way)	2 spaces, plus 2 spaces per wash bay (clear of the right-of-way)	Same as Zone A
b. Full-serve	1 space per 1,000 square feet of gross floor area.	Same as minimum.	Same as Zone A
11. Dry cleaners	1 space per 350 square feet of gross floor area.	1 space per 300 square feet of gross floor area.	Same as Zone A
12. Mortuary/funeral home	1 space per each 5 chapel or parlor seats, plus 1 space per 2 employees of the largest shift, plus 1 space reserved for hearse or company vehicle.	1 space per each 4 chapel or parlor seats, plus 1 space per 2 employees of the largest shift, plus 1 space reserved for hearse or company vehicle.	Same as Zone A
13. Automotive, truck, and trailer rental	1 space per 400 square feet of gross floor area.	1 space per 350 square feet of gross floor area.	Same as Zone A
H. Industrial uses			
1. Manufacturing	1 space per 1,000 square feet of gross floor area.	1.25 spaces per 1,000 square feet of gross floor area.	Same as Zone A
2. Storage, warehouse, wholesale establishment less than 150,000 square feet	<i>1 space per 1,500 square feet of gross floor area.</i>	<i>1 space per 1,000 square feet of gross floor area.</i>	<i>Same as Zone A</i>
3. Storage, warehouse, wholesale establishment greater than or equal to 150,000 square feet	<i>1 space per 3,000 square feet of gross floor area.</i>	<i>1 space per 2,500 square feet of gross floor area.</i>	<i>1 space per 2,000 square feet of gross floor area.</i>
4. Miniwarehouse; self-service storage	1 space per 12 storage units, plus 1 space per employee of the largest shift.	1 space per 10 storage units, plus 1 space per employee of the largest shift.	Same as Zone A

503.4 — Reduction in required parking

Commercial and industrial developments may reduce the required number of parking spaces by 10 percent if:

- A. the development is within 500 feet of a transit route;
- B. the development is utilizing shared parking;
- C. the developer seeks to protect additional open space; or
- D. the developer provides at least one carpool/vanpool space near the entrance of the structure/use.

In no case shall any development be allowed a greater than 20 percent reduction in the number of parking spaces.

Multifamily developments may reduce the number of required parking spaces by 20 percent if located within 500 feet of a transit route.

503.5 — Determination of unlisted uses and/or alternative parking plans

The Community Development Director shall determine the appropriate required number of parking spaces for unlisted uses, and approve alternative parking plans pursuant to Section 1011.1, unless there is an application under review by the Planning Commission; then the Planning Commission shall make the determination. The City's decision shall be based on the applicant's submittal of required parking, which shall be based on a similarly listed use from the Institute of Transportation Engineers (ITE) or Urban Land Institute (ULI) standards. For alternative parking plans, an applicant may submit a parking plan that provides adequate technical data and analyses using ULI or ITE standards or similar justification for parking needs.

503.10 Off-street parking space standards

- A. A minimum of 50 percent of spaces shall be regular-sized spaces and a maximum of 50 percent can be compact spaces. Handicapped spaces shall be according to federal and State requirements.

B. The minimum dimensions for required off-street parking spaces shall be as follows:

Table 503.6 Minimum Parking Space and Aisle Dimensions [1] [2]						
Table 503.10 Minimum Parking Space and Aisle Dimensions [1] [2]						
Angle (A)	Type	Width (B)	Curb Length (C)	1-Way Aisle Width (D)	2-Way Aisle Width (D)	Stall Depth (E)
0° (Parallel)	Regular	9 ft.	22 ft. 6 in.	12 ft.	24 ft.	8 ft.
	Compact	7 ft.	19 ft. 6 in.	12 ft.	24 ft.	7 ft. 6 in.
30°	Regular	9 ft.	18 ft.	12 ft.	24 ft.	17 ft.
	Compact	7 ft. 6 in.	15 ft.	12 ft.	24 ft.	14 ft.
45°	Regular	9 ft.	12 ft. 6 in.	12 ft.	24 ft.	19 ft.
	Compact	7 ft. 6 in.	10 ft. 6 in.	12 ft.	24 ft.	16 ft.
60°	Regular	9 ft.	10 ft. 6 in.	18 ft.	24 ft.	20 ft.
	Compact	7 ft. 6 in.	8 ft. 6 in.	15 ft.	24 ft.	16 ft. 6 in.
90°	Regular	9 ft.	9 ft.	24 ft.	24 ft.	19 ft.
	Compact	7 ft. 6 in.	7 ft. 6 in.	22 ft.	24 ft.	15 ft.

Notes:

[1] See Figure 503.6-503.10

[2] See State and federal (Americans with Disabilities Act) requirements for the number and dimensions of required disabled parking spaces.

**Figure 503.6-503.10
Parking Dimension Factors**

503.11 Paving and striping

Paving and striping shall be required for all maneuvering and standing areas. Off-street parking areas shall have a durable and dust-free hard surface, shall be maintained for all-weather use, and shall be striped to show delineation of parking spaces and directional markings for driveways and accessways.

503.12 Curb cuts

TITLE 4 AMENDMENTS

Title 4 Comprehensive Plan Amendment Prohibit Big Box

Recommendation #45

Amend Comprehensive Plan Chapter 4, Economic Base and Industrial/Commercial Land use Elements, Objective # 4- Industrial Land Use

New Policy

#3. Lands designated for industrial and related uses as shown on Map 7 are reserved for industrial development. Uses other than industrial, manufacturing, and distribution and supporting land uses should not be sited in areas reserved for industrial use. Zoning for, and development of, large-scale retail uses, are specifically inappropriate to the Industrial Zone.

Reference is made to Map [Title 4 Map] _____ adopted as an ancillary map.

324 BUSINESS INDUSTRIAL ZONE BI

324.1 Purpose

This Section is adopted to implement the policies of the Comprehensive Plan for industrial land uses providing a mix of clean, employee-intensive, industrial and office uses, with associated services, in locations supportive of mass transit and the regional transportation network

324.2 Prohibited Uses

Retail uses greater than 60,000 square feet gross floor area per building or business.

324 .2 Uses permitted outright {renumber}

- A. The following business and industrial uses are allowed outright, subject to the standards of subsection 324.6.
1. Experimental, research, film, or testing laboratories, provided no operation shall be conducted or equipment used which would create hazards and/or nuisances off the site.
 2. Manufacturing, processing, fabrication, packaging, or assembly of products from previously prepared materials.
 3. Printing, publishing, bookbinding, graphic or photographic reproduction, blueprinting, or photo processing.
 4. Trade schools primarily serving the business community within the area.
- B. Business and professional offices, including product design, sales, service, packaging; corporate headquarters or regional offices.
- C. Warehousing and distribution.
- D. Any other use similar to the above uses but not listed elsewhere.

324.3 Accessory uses {renumber}

- A. Uses accessory to and in conjunction with uses permitted outright may include the following:
1. Employee lounges and dining rooms, employee day-care facilities, conference rooms for tenant use, newsstands, central mail room and self-service postal and banking facilities, and product information and display areas.
 2. Executive, administrative, design, or product showroom offices provided in conjunction with uses listed under subsection 324.2 above.
 3. Indoor and outdoor recreational facilities, such as swimming pools, saunas, game and craft rooms, exercise and dance studios, community meeting

314 MANUFACTURING ZONE M

Statement of purpose: The purpose of this Manufacturing Zone is to promote clean, employee-intensive industries which may also include related accessory uses, such as commercial and office uses, which serve the industrial area.

314.1 Permitted uses are limited to industrial uses meeting the following criteria:

- A. Any combination of manufacturing, office, and/or commercial uses are allowed when at least 25 percent of the total project involves an industrial use as described under subsection 314.1.B. The combined uses shall provide at least 10 employees per acre.
- B. A use which involves the collection and assembly of durable goods, warehousing of goods, transshipment of goods from other sources, and/or the assembly of goods from products which have been processed elsewhere, general manufacturing and production.
- C. Commercial and office uses which are accessory to the industrial use(s). Such uses may include gymnasium, health club, secretarial services, sandwich deli, small restaurant, and retail/wholesale commercial use and showroom.
- D. May produce small amounts of noise, dust, vibration, or glare, but may not produce off-site impacts that create a nuisance, as defined by DEQ or the City Noise Ordinance.
- E. Has access to a collector or arterial street.
- F. Provision for sidewalks and mass transit facilities (i.e. bus stop shelter, trash receptacle, benches) shall be made.
- G. A permitted use may require outside storage areas. These storage areas shall be screened with a sight-obscuring fence or dense plantings from any adjoining residential uses or public streets.
- H. Warehouse use which is accessory to an industrial use.

314.2 Prohibited uses

- A. Any use which has a primary function of storing, utilizing, or manufacturing explosive materials or other hazardous material as defined by the Uniform Fire Code, Article 80.
 - B. New residential construction, churches, public schools.
 - C. Retail uses greater than 60,000 square feet gross floor area per building or business.
-

314.3 Authority and appeal of Administrative decisions

If the Community Development Director has any questions regarding the applicant's ability to meet the criteria in subsection 314.1, the request may be scheduled for review by the Planning Commission. In addition, a member of the public may appeal a use

TITLE 6 AMENDMENTS

STRIKE THROUGH DELETE, UNDERLINE INSERT

FPC Recommendation #47

Amend Subdivision Ordinance to requires shorter block length

17.28.030 Blocks

b. Size. No block may be more than ~~eight hundred feet~~ 530' in length between intersecting streetlines unless it is adjacent to an arterial street or unless the topography or the location of adjoining streets justifies an exception. The average perimeter of blocks formed by streets shall not exceed 1,600 feet, except where street location is restricted by natural topography, wetlands, or other bodies of water.

FPC Recommendation #48

Amend Subdivision Ordinance to require shorter cul-de-sac lengths. Limit closed end street systems to no more than 25 units

Amend Subdivision Ordinance 17.28.020 I. Cul-de-sacs

17.28.020.I. Cul-de-sacs. Cul-de-sacs shall only be provided when no opportunity exists for creating a through street connection. For the purpose of this section the lack of present ownership or control over property abutting property to be subdivided shall not be grounds for construction of a cul-de-sac. A street ending in a cul-de-sac shall have a maximum length of ~~400~~ 200 feet, measured from the cross street right-of-way to the end of the cul-de-sac, except where topography, barriers such as railroads or freeways, or environmental constraints such as wetlands, watercourses, or water-bodies, prevent through street extension.

FPC Recommendation #49

Amend Subdivision Ordinance [and Zoning Ordinance] to require pedestrian and bicycle connections in new and mixed-use developments.

New Subdivision Ordinance 17.28.070 Pedestrian and Bicycle Connections

17.28.070 Bicycle and pedestrian routes shall be provided to permit where feasible direct connection from the subdivision to the following:

- a. Nearby development such as adjoining subdivisions or other residential uses.
- b. public right-of-ways, other bicycle and pedestrian paths,
- c. existing and planned commercial services, schools, parks, or
- d. other neighborhoods.

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TITLE 6 FPC Revisions

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\\fpc\FPC-Subdivision\FPC Recommendations

Connecting routes may be provided by way of public right-of-way dedications or easements. Such routes shall be provided wherever possible to reduce walking distance between pedestrian destinations. Reservation of future on-site easements or right-of-ways for future development of improved routes may be required when the timing of development does not warrant present construction of improved paths. Provision of improved pedestrian or bicycle routes shall not eliminate any requirement to provide sidewalks along a proposed or existing roadway. All pedestrian routes shall be constructed in accordance with standards specified by the Public Works Department.

Amend Zoning Ordinance Section 318.8.A.22 Mixed Use Overlay Zone, Design Standards (new section)

Zoning Ordinance Section 318.8.A.22 Bicycle and Pedestrian Connections

Bicycle and pedestrian routes shall be provided to permit, where feasible, direct connection from the development to the following:

- a. Nearby residential development such as adjoining subdivisions, other residential uses, or mixed use projects,
- b. public right-of-ways, other bicycle and pedestrian paths,
- c. existing and planned commercial services, schools, parks, or
- d. other neighborhoods.

Connecting routes may be provided by way of public right-of-way dedications or easements. Such routes shall be provided wherever possible to reduce walking distance between pedestrian destinations. Reservation of future on-site easements or right-of-ways for future development of improved routes may be required when the timing of development does not warrant present construction of improved paths. Provision of improved pedestrian or bicycle routes shall not eliminate any requirement to provide sidewalks along a proposed or existing roadway. All pedestrian routes shall be constructed in accordance with standards specified by the Public Works Department

TITLE 8 AMENDMENTS

FPC Report #56 & 57 Amend MZO 905.1

MZO SECTION 905 APPROVAL CRITERIA FOR ALL AMENDMENTS

905.1 For all proposals, the applicant shall have the burden of proof regarding the following criteria:

- A. The proposed amendment must conform to applicable Comprehensive Plan goals, policies, objectives and be consistent with the provisions of City ordinances, Metro Urban Growth Management Functional Plan, and applicable regional policies.

Amend Milwaukie Comprehensive Plan Chapter 2. Objective #1. Policy 7

7. All Plan amendments will be evaluated based on the following criteria:

- conformance with the Comprehensive Plan, its goals, policies, and spirit,
- public need for the change,
- public need is best satisfied by the particular change
- the change will not adversely affect the health, safety, and welfare of the community,
- the change is in conformance with applicable Statewide Planning Goals,
- the change is consistent with Metro Growth Management Functional Plan, and applicable regional policies.

FPC Report #58 Amend MZO 902.1 requiring Metro notification

MZO SECTION 902 AMENDMENT PROCEDURE

902.1 The following application and review procedures shall be in effect for all proposed amendments.

- a. The Planning Commission shall conduct a public hearing on the proposed amendment at its earliest practicable meeting after the application has been determined to be complete by the Director. Zoning Map amendments shall follow the procedures outlined in subsection 1011.4, Major Quasi-Judicial review. Zoning text amendments shall follow the procedures outlined in subsection 1011.5, Legislative actions.

FPC TITLE 8 REVISIONS

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revised 12/13/98

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- b. Notice to Metro. The Community Development Department shall provided notice to Metro of any proposed amendment to the comprehensive plan or zoning ordinance subject to Milwaukie Zoning Ordinance Section 1011.4 (Major Quasi-Judicial Review) and 1011.5 (Legislative Action). Any copy of notice required pursuant to Sections 1011.4 and 1011.5 and provided to Oregon Department of Land Conservation and Development (DLCD) pursuant to ORS 197.610 or 197.615 shall be sent to Metro's Executive Officer at least 45 days before the final hearing on the adoption of any amendment. Notice to Metro shall include the same content as notice to DLCD pursuant to ORS 197.610 or 197.615 and if available, shall include analysis demonstrating that the proposed amendments are consistent with the Metro Urban Growth Management Functional Plan. If the analysis demonstrating consistency with the functional plan is not included in the initial notice, a report containing the analysis shall be delivered to Metro no later than 14 days before a final hearing.

January 25, 1999 FPC Amendments
Exhibit 2

**FUNCTIONAL PLAN COMPLIANCE
STEERING COMMITTEE MEMBERS AND MEETING DATES**

Steering Committee Members

Judith Borden
Tracy Cook
Brent Carter
Merv Englund
Donald Hammang
Molly Hanthorn
Bob Hatz
Ed Zumwalt

Steering Committee Meeting Dates

October 7, 1998
October 21, 1998
November 18, 1998
December 2, 1998
December 16, 1998
January 6, 1999

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<p>3. <u>Town Center Redesignation</u> (Susan Heiser) This letter requests that Milwaukie be redesignated as a "Special Town Center" from "Regional Center" in the Metro Growth Concept Map.</p> <ul style="list-style-type: none"> • advocates that Milwaukie should still be eligible for points toward transportation funding because of its significance as a regional transportation hub; • identifies Milwaukie as an established, built-out community; • maintains the City can still meet its housing targets without increasing density in residential neighborhoods by redeveloping Murphy, Proto Tool, Pendleton, and McFarland sites and downtown mixed use zone; and • keeps redevelopment sites on Concept Map, but removes most established residential areas. <p>4. <u>Riverfront Consultant Contract</u> (Dan Bartlett/Martha Bennett) In a previous Council action, Crandall Arambula was selected as the Downtown/Riverfront Plan consultant. Dan and Martha worked with Crandall to develop a scope of work. Contract amount: \$234,596.</p> <p>5. <u>Lease Electric-Powered Vehicle</u> (Kelly Somers) Council asked for additional economic information comparing electric, propane, and natural gas-powered vehicles. This vehicle will be used by the Code Compliance Specialist.</p>	<p>Approved Mayor's signature. Letter goes to Mike Burton, Metro CEO, and eventually Metro Council for formal action.</p> <p>Approved. How funded? General Fund -- Community Development; Parks and Recreation Fund -- Parks Capital Projects; and Facilities Acquisition Fund -- Milwaukie Jr. High facility.</p> <p>Decision pending more information.</p>
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COMPARISON OF PARKING RATE CHANGES PER 1,000 SQUARE FEET, GROSS EXCEPT AS NOTED

All existing ratios have been converted to 'spaces per 1,000 gross square feet for ease of comparison. For example '1 space per 300 sf' is shown as '3.3 per 1,000'

USE	EXISTING MIN/MAX	PROPOSED MINIMUM	PROPOSED ZONE A MAX	PROPOSED ZONE B MAX	COMMENTS
Fast Food	10 min 15 max	10	12.5	15	Average floor area of fast food w/ drive-in is 2,900 to 3,000 sf. ⁽¹⁾ Difference in Zone is -7.5 spaces for 3,000 sf
Grocery Store	5.0 min 6.25 max	4.1	5.1	6.2	Safeway Building is approx. 22,500 s.f. ⁽²⁾ Existing req. is 113 spaces. New Zone A min. is 93 spaces.
Offices of Professional Services	3.3 min 4.0 max	2.7	3.4	4.1	see note 3 below
Warehouse	1.0 min. 1.5 max	(see below)	(see below)	(see below)	see following sections
Warehouse less than 150,000 sf	(not applicable)	1	1	1.5	Parking requirements stay the same. Cause may exist to reduce current reqmnt. for warehouses less than 150K sf
Warehouse of 150,000 sf or greater	(not applicable)	.3	.4	.5	Several large warehouses exist in northeast M zone such as Heledco, Wilhem, & others.
Residential Unit ⁽⁴⁾ Studio or 1-bedroom 500 sf or less	(not applicable)	1.0 (covered space not required)	none	none	See note 4 below

1. Source Peak Parking Demand Study, Oregon DEQ, 1995
2. Footprint measured from city maps
3. 5 city average 3.2. Tualatin-3.5, Lake Oswego, Oregon City & West Linn-3.33, Hillsboro-2.5
4. New residential housing type. Can be located in any residential or commercial zone that permits residential uses.

Functional Plan Compliance Amendments
January 26, 1999

Net Acre means an area measuring 43,560 square feet which excludes:

- (1) any developed road rights-of-way through or on the edge of the land; and
- (2) environmentally constrained areas, including any open water areas, floodplains, natural resource areas protected under statewide planning Goal 5 in the comprehensive plans of cities and counties in the region, slopes in excess of 25% and wetlands requiring a federal fill and removal permit under Section 404 of the Clean Water Act. These excluded areas do not include lands for which the local zoning code provides a density bonus or other mechanism which allows the transfer of the allowable density of use to another area or to development elsewhere on the same site; and
- (3) all publicly-owned land designated for park and open space uses

Milwaukie Functional Plan Compliance
Code & Plan Revision Open House
January 13, 1997

**TITLE 1
RESIDENTIAL & EMPLOYMENT DENSITY**

	What the Functional Plan Compliance Report Recommends	Affected Section(s) of Comprehensive Plan or Zoning, or Subdivision Ordinance	Before	After
1.	<p>Amend Comprehensive Plan Chapter 4-Land Use to create a new planning tool,"minimum density" and amend Table 2, Future Housing Characteristics.</p> <p>Amend Comprehensive Plan Chapter 4, Objective 3, Policy 2.c. to reflect new minimum densities.</p>	Comprehensive Plan Chapter 4	The traditional planning approach to residential density has established a maximum or range of density for residential districts. Residential density is shown as "dwelling units per acre" The current comprehensive density range is 6.8 to 10.7 units per net acre.	The new density approach is to encourage that land be developed to within 80% of its planned density. This policy is implemented through zoning and subdivision regulations but does not affect building permits, single-family homes, or minor land partitions.
2.	<p>Add minimum density requirements in each residential zone. Development new definition of "net acre".</p> <p>Revise Zoning Ordinance Section 413 Transition Area. Identify on vacant lands map whether this will apply to new subdivisions.</p>	<p>Zoning Ordinance Section 300 Residential Zones</p> <p>Zoning Ordinance Section 100 Definitions</p> <p>Zoning Ordinance Section 413 Transition Area</p>	<p>Section 300: Regulations governing use and development of residential zones. Specifies minimum lot size, setbacks, and the like.</p> <p>Section 100: Definition of terms used in the zoning ordinance</p> <p>Section 413: Procedure for ensuring multi-family, commercial, or industrial uses do not adversely impact neighboring lower density uses.</p>	<p>Section 300: Add requirement to residential zones that applications for subdivisions, mixed used development, and similar development provide at least 80% of the maximum units allowed in the zone.</p> <p>Section 100: New definition of "net acre" based where right-of-way and environmentally constrained land is removed from area calculation for determining "minimum density". Draft amendments not yet prepared.</p> <p>Section 413: Revise transition requirement to reflect new "minimum density" provision. Amendments have not been completed.</p>
3.	Amend Subdivision Ordinance to specify minimum residential density in subdivision process to be consistent with minimum densities in Zoning Ordinance.	not applicable	not applicable	Proposed Zoning Ordinance amendments for minimum densities address this recommendation.

	Functional Plan Compliance Report Recommendation	Affected Section of Comprehensive Plan or Ordinance	Before	After
4.	Amend assumptions in Comprehensive Plan concerning amount of land to be deducted from buildable land for public right-of-way.	Comprehensive Plan Chapter 4-Land Use Residential Land Use & Housing Element, Objective #2, Residential Land Use: Density and Location, Policy #1.	The Comprehensive Plan assumes some land will not be developed because it is needed for street right-of-ways. For single family development it is assumed 25% of gross lot area would be tied up in right-of-ways. For multifamily 5% is assumed.	It is proposed to adopt 20% right-of-way dedication for lots larger than 1 acre. Lots greater than 3/8 acre up to 1 acre will be reduced by 10% for assumed dedication. No dedication is assumed for lots less than 3/8 acre. This is for planning purposes only and will not affect any particular lot!
5.	Permit existing "secondary dwelling units" in all zones that permit single family development. "secondary dwelling unit" is also know as "accessory dwelling unit"	Comprehensive Plan Chapter 4- Land Use Residential Land Use and Housing, Objective #5 Housing Choice	Only the R-1 and R-1-B permit single family detached housing but do not permit secondary dwelling units.	No changes to existing "secondary dwelling unit" regulations. See "accessory dwelling units"
6.	Consider allowing accessory dwelling unit as a limited land use decision. (Limited land use decision may be made by Planning Director with notice to neighbors and option for a public hearing.)	Zoning Ordinance Section 400 Supplementary Regulations	Large Accessory Dwelling Units up to 800 square feet already permitted as conditional use. Requires public hearing. These units are now called "secondary dwelling unit"	New regulations make allow smaller accessory dwelling units (no larger than 500 square feet) in any single-family zone. Applicant must show that single family character is preserved. Planning Director may decide application. Neighbors are required to be notified. There is an option for public hearing.
7.	Clarify and expand regulations and standards for secondary dwelling units.	Zoning Ordinance Section 600 Conditional Uses	Section 602.10 specifies the standards and requirements for secondary dwelling units.	Standards have been written for new "Type 1 Accessory Unit" See below.
		Zoning Ordinance Section 400 Supplementary Regulations Section 100 Definitions	See Section 602.10 Conditional Uses	Creates new "Type 1 Accessory Unit". New standards and approval process created. "Secondary Dwelling Units" renamed "Type 2 Accessory Unit" New definition created "Accessory Unit".

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	What the Functional Plan Compliance Report Recommends	Affected Section (s) of Comprehensive Plan, Zoning or Subdivision Ordinance	Before	After
8.	Change existing wording of Zoning Ordinance Section 602.10.A.6 to be consistent with Metro Functional Plan limitations on conditions that might be placed on accessory dwelling units	Zoning Ordinance Section 602.10.A.6, Secondary Dwelling Units	Specifies that Planning Commission may impose such conditions as height, landscaping, buffering, orientation, and <i>any other</i> conditions deemed necessary to protect privacy of neighbors.	Functional Plan limits conditions that may be placed on accessory dwelling units. Amendments specify that no condition may be imposed that prohibits rental occupancy, separate access, and full kitchens in any accessory unit.
9.	Change downtown design type from "Regional Center" to "Town Center".	Comprehensive Plan Various Sections	The downtown planning district is known as the "Regional Center".	City is requesting Metro change "Regional Center" designation to "Town Center"
10.	Revise Comprehensive Plan to reflect housing capacity and employment estimates developed as part of the Functional Plan Compliance process. Calculations of dwelling unit capacity on vacant land outside the Regional Center, are taken from the Functional Plan Compliance Report. Add discussion of vacant land methodology in the Comprehensive plan.	Comprehensive Plan Chapter 4-Land Use Residential Land Use and Housing Element Background & Planning Concepts, paragraph 2	1. Last count of housing stock. 73% single family, 27 % multi-family 2. Projected housing need 1,600 new units by year 2005.	1. Updates the plan with updated housing stock estimates for single and multifamily housing. (Milwaukee Housing Inventory, 1998) 66% single family, 33% multifamily 2. Updates projected housing need for year 2017 to 3,514 units
	Revise Comprehensive Plan population targets to year 2017.	Comprehensive Plan Chapter 4-Land Use Residential Land Use and Housing Element Background and Planning Concepts, paragraph 4	1. Existing Comprehensive Plan estimate of gross buildable lands is 328 acres city wide.	1. Updates buildable lands calculation to 34 acres. 2. Distinguishes that buildable-lands calculation does not include the Regional Center. (Updates come from Functional Plan Compliance Report, 8/98)

	What the Functional Plan Compliance Report Recommends	Affected Section(s) of the Comprehensive Plan, Zoning Ordinance or Subdivision Ordinance	Before	After
10.	Continued from previous page.	<p>Comprehensive Plan Chapter 4-Land Use Residential Land Use and Housing Element</p> <p>Objective #1- Buildable Lands, Planning Concept, paragraph 1 & 2</p>	<p>Section details policy considerations of development on land with environmental constraints such as drainage, soils, geology and others.</p> <p>Identifies 328 acres are available for residential development.</p>	<ol style="list-style-type: none"> 1. Updates buildable-lands calculation and distinguishes Regional Center from remainder of city. 2. New buildable lands outside of Regional Center: 34 acres 3. Includes deductions of environmentally constrained land including Metro Title 3 lands.
		<p>Comprehensive Plan Chapter 4-Land Use Residential Land Use and Housing Element</p> <p>Objective #2 - Residential Land Use: Density and Location. Planning Concept, paragraph 2 and Table 2, Future Housing Characteristics</p>	<p>Section describes expected residential densities by year 2005 based on analysis of vacant buildable lands.</p> <ol style="list-style-type: none"> 1. Expected new single family units in 2005: 1,141. 2. Number of single family units at time plan was last revised: 5,524. 	<ol style="list-style-type: none"> 1. Extends planning period from 2005 to 2017. 2. New dwelling unit projection: 2,827 units 3. Update existing dwelling unit count: 8,377 (all units, not just single family) 4. Distinguishes between growth in Regional Center versus remainder of city. <ol style="list-style-type: none"> a. Regional Center to get 63% of all new units. b. Vacant land outside of Regional Center to get 1,054 new units. c. New development outside of Regional Center expected to be single family, low and moderate density. d. Estimated capacity for 198 Accessory dwelling units. 5. Updates Table 2, Future Housing Characteristics with estimates of dwelling unit capacity on vacant lands. Describes method use to determine estimates.

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	What the Functional Plan Compliance Report Recommends	Affected Section (s) of the Comprehensive Plan, Zoning Ord. or Subdivision Ordinance	Before	After
11.	Note: Part or all of Functional Plan recommendations have not been completed. Additional information will be available before the public hearings on the amendments.			
12.	Conduct study of City's water system.	Public Facilities Plans	not applicable	Public Works Department recently conducted study of water supply and is now developing a study water distribution.

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TITLE 2
REGIONAL PARKING POLICY

	What the Functional Plan Compliance Report Recommends	Affected Section (s) of Comprehensive Plan or Ordinance	Before	After
1.	22. Exclude certain parking lots from minimum and maximum parking requirements	Zoning Ordinance New Section 503.4 Special exemptions...	The Zoning Ordinance does not name independent parking lots such as pay lots as permitted uses. In the ordinance, parking is normally associated with some other use.	New section exempts certain parking lots from the "maximum parking allowed" standards found in Zoning Ordinance Table 503.9.
2.	23. Allow on-street parking to count toward minimum parking required.	Zoning Ordinance	On-street parking may not be used to satisfy parking requirements.	No change. The Functional Plan Compliance Committee recommends against implementing this recommendation pending further analysis of downtown parking.
3.	24. Amend minimum and maximum standards where needed to comply with Metro Table 2 requirements.	Zoning Ordinance Section 500 Table 503.9 parking Table, revised	<p>Sec. 500 Parking Requirements <u>General office</u>, 3.3/1,000 s.f, minimum above is "professional services" in zoning ordinance.</p> <p><u>Retail</u> 5 min/6.25 max. per 1,000 s.f above is "grocery store " in zoning ordinance</p> <p><u>Fast Food w/ Drive -Thru</u> 10 min/15 max per 1,000 s.f.</p> <p><u>Single Family Detached, min</u> 2 per unit</p>	<p>Sec. 500 Parking Requirements <u>General office</u>, 2.7/1,000 s.f, minimum 3.4/1,000 s.f. zone A Maximum above is "professional services" in zoning ordinance.</p> <p><u>Retail</u> 4.1 min/5.1 Zone A max per 1,000 s.f above is "grocery store " in zoning ordinance</p> <p><u>Fast Food w/ Drive -Thru</u> 9.9 min/12.4 Zone A max. 14.9 Zone B max.</p> <p><u>Single Family Detached, min</u> 1 covered space per unit.</p> <p><u>Warehouse greater than 150,000 s.f.</u> .3 min/.4 Zone A max/ .5 Zone B Max</p> <p><u>Studio or 1 bedroom Unit 500 sf or less</u> 1 per unit (new named housing type)</p>

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	What the Functional Plan Compliance Report Recommends	Affected Section (s) of Comprehensive Plan or Ordinance	Before	After
4.	<p>24. Continued Incorporate Metro Parking Zone Map by reference or implement Zone A/Zone B performance option)</p> <p>Add parking Zone A & parking Zone B to City's GIS database</p>	<p>Zoning Ordinance New Section 503.5 Determination of parking zone classification</p>	<p>Minimum and maximum parking rates apply equally to all locations in the city.</p> <p>Not applicable</p>	<p>New Section 503.5 Determination of parking zone classification. Zones determine which parking standard apply to a given location: Zone A min, Zone A max., Zone B max.</p> <p>All lots located within ¼ mile walking distance of a transit stop providing 20 minute peak hour service is Zone A. All lots not Zone A are Zone B.</p>
4.	<p>25. Clarify "minimum parking required" and "maximum parking allowed" is applied.</p>	<p>Zoning Ordinance New Section 503.3 Determination of parking zone classification</p>	<p>The Zoning Ordinance does not specify how existing low and high parking rates for a given use are to be applied.</p>	<p>New Section 503.3 names low and high rates as: "minimum parking require" and "maximum parking allowed" and explains that how these standards are to be applied.</p>
5.	<p>26. Increase shared parking allowance.</p>	<p>Zoning Ordinance Section 503.2 Off Street Parking & Loading, Shared Parking</p>	<p>Allows for multiple uses located within 300 feet of each other to share parking. A 10% Parking discount may be allowed for uses that share parking. Section 503.1.C also allows required parking to be located off-site.</p>	<p>No Change. Amendment is not required by the Functional Plan.</p>
6.	<p>27. Request exception to single family minimum parking requirements to one space per unit</p>	<p>Zoning Ordinance Section 503.3 Number of Required off-street parking spaces</p>	<p>For single family residences, existing regulations require 2 parking spaces, one of which must be covered.</p>	<p>Reduce the minimum required to one covered space. The exception is not required. At the time the Functional Plan Compliance Report was reviewed, there was concern that reduction of required parking might cause parking congestion in the street. Based upon an evaluation of zoning setbacks, and patterns of single family site development, it is believed that a minimum of two spaces per unit will be constructed.</p>

	What the Functional Plan Compliance Report Recommends	Affected Section (s) of Comprehensive Plan or Ordinance	Before	After
7.	28. Adopt "blended parking ratio" to permit reduced parking requirements for mixed use projects.	Zoning Ordinance Section 503.4 Reduction in required parking. Section 1409, Transportation Planning, Design Standards, and Procedures, Redevelopment	Section 503.4 allows for reduction of parking for commercial and industrial developments. It does not include reductions for residential/commercial mixed uses. Section 1409 Redevelopment allows for a reduction of 20% of required parking for making improvements to transit stops. This provision applies to all development.	New Sections 503.7 Reduction of required parking and gives a 10% by-right reduction of for commercial, industrial, and multifamily uses when within 500' feet of a transit stop. New Section 503.8 Modification of minimum and maximum parking allows for a 15% reduction for all uses in Parking Zone A subject to showing reduction will not cause a parking problem and also gives a discount of up to 25% for projects using shared parking or projects in parking Zone A that have 1/2 of the total floor area in residential use. Section 1409 is repealed.
8.	29. Create a process to allow new single family development that meets certain criteria and is located in Zone A to have a minimum of one parking space.	Zoning Ordinance Section 500 Off Street Parking	Not applicable	No change needed. The reduction of minimum parking for single family residences to one covered space eliminates the need for this recommendation.
9.	30. Revise Section 503.4 to reference minimum and maximum parking standards.	Zoning Ordinance Section 503.4	Section 503.4 allows for a reduction in required parking but does not allow for an increase in maximum parking allowed.	New Section 503.8 Modification of minimum and maximum parking provides a process for changing both standards.

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TITLE 4
RETAIL IN EMPLOYMENT AND INDUSTRIAL AREAS
see also Title 4 Map & Comprehensive Plan Map 7

	What the Functional Plan Compliance Report Recommends	Affected Section(s) of Comprehensive Plan, Zoning or Subdivision Ordinance	Before	After
1	#45. Adopt Metro Title 4 map as part of the Comprehensive Plan and or Zoning Map.	Comprehensive Plan Chapter 4 Economic Base and Industrial/Commercial Land Use Elements, Objective #4-Industrial Land Use.	Objective #4-Industrial Land Use encourages new industrial uses to locate within the three major industrial areas of the City.	Adopt Title 4 Map "Employment and Industrial Areas" and creates new Policy #3 specifying that lands designated "industrial" on Comprehensive plan Map 7 - Land Use, are reserved for industrial manufacturing, and supporting uses. Further specifies zoning and development of large-scale retail uses as inappropriate. Does not change any existing policy.
2	#46. Amend Zoning Ordinance Manufacturing and Industrial zone regulations to prohibit "Big Box" retail development in these zones.	Zoning Ordinance Section 314.2 Manufacturing, Prohibited Uses	Section 314 already limits retail development in "M" zone. Limits and prohibits new residential uses and the manufacture and storage of hazardous materials.	Amendment specifies that retail uses greater than 60,000 square feet are prohibited. Does not change any existing provision of the zone.
Zoning Ordinance Section 324.2 Business Industrial, Prohibited Uses		Section 324 permits manufacturing, office, warehousing. Retail is allowed as a "limited use" not to exceed 4,000 square feet.	Amendment creates new section "Prohibited Uses" specifying that retail greater than 60,000 square feet is prohibited in this zone.	

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TITLE 6
REGIONAL ACCESSIBILITY

	What the Functional Plan Compliance Report Recommends	Affected Section(s) of Comprehensive Plan, Zoning or Subdivision Ordinance	Before	After
1	#47. Amend Subdivision Ordinance to require shorter block lengths in new residential and mixed-use development.	Subdivision Ordinance Chapter 17.28.030 Design Standards, Blocks	Length of block between intersections restricted to no more than 800 feet.	Reduces block length to more than 530'. The proposed 530' length is prescribed by Metro.
2	#48. Amend Subdivision Ordinance to require shorter cul-de-sac lengths in new residential and mixed-use developments and restrict the number of dwelling units on a closed-end street to 25.	Subdivision Ordinance Chapter 17.28 Design Standards	Length of cul-de-sac restricted to no more than 400 feet. City is requesting extension of time to implement limit on number of units on a closed end street. See handouts for explanation of closed end street.	Reduces cul-de-sac length to no more than 200 feet except in cases of existing development, or where there are topographic and environmental constraints.
3	#49. Amend Subdivision Ordinance to require pedestrian and bicycle connections in new residential and mixed use developments.	Subdivision Ordinance Chapter 17.28.070 Design Standards, new section Zoning Ordinance Section 318.8.A.22	Subdivision Ordinance 17.28.040.C requires an improved pedestrian way to be provided in any block over 600 feet in length.	Amendments require new subdivisions and mixed use developments to provide improved pedestrian/bicycle connections between the development and close-by commercial uses, schools, parks, and other neighborhood attractions where feasible.

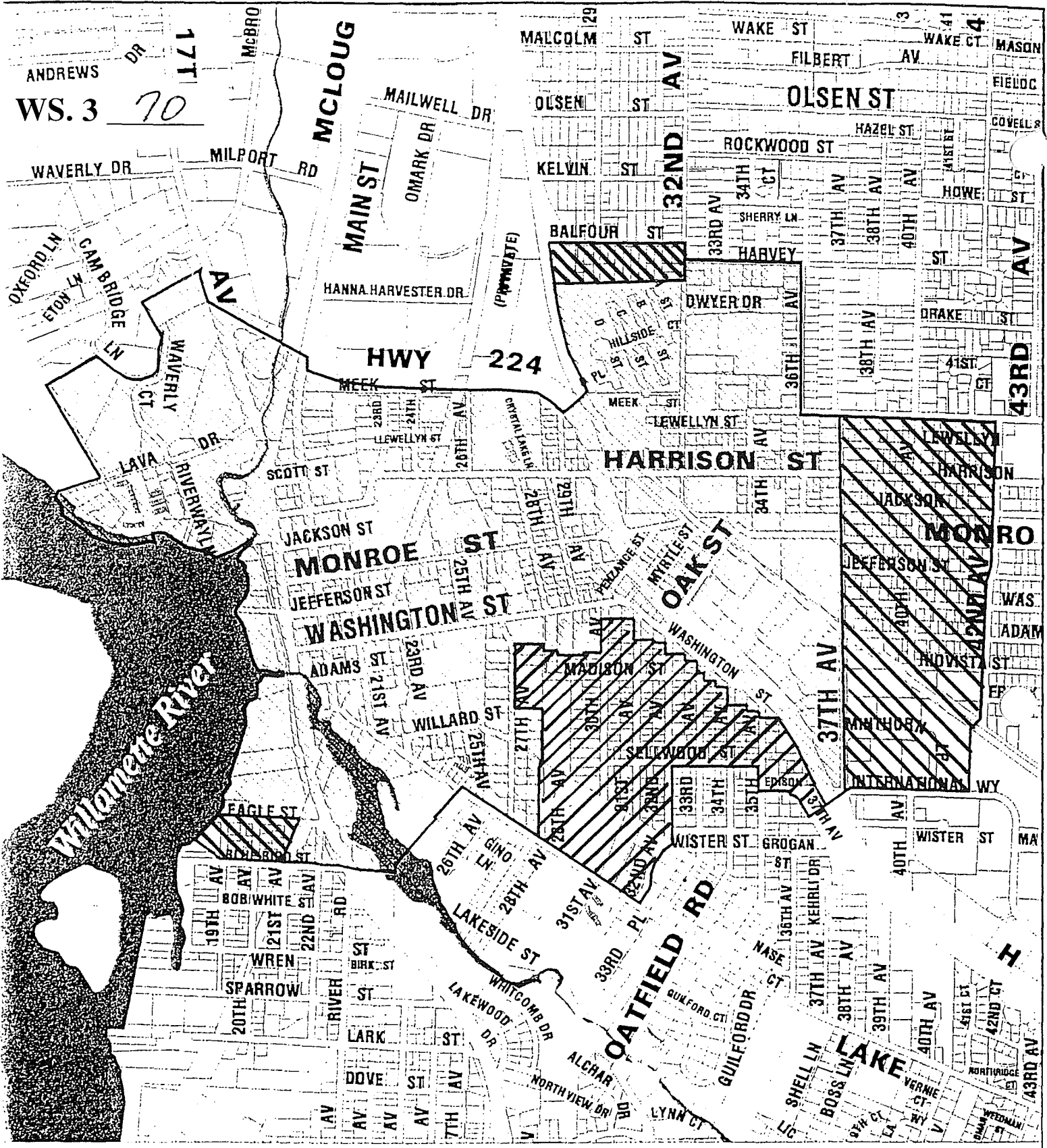
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TITLE 8 COMPLIANCE PROCEDURES

	Compliance Report Recommendation	Affected Sections of Comprehensive Plans & Ordinances	Before	After
1.	#56. Add requirement to Comprehensive Plan and Zoning Ordinance that all future amendments be consistent with the Metro Functional Plan	<p>Comprehensive Plan Chapter 2, Objective #1, Policy 7 Plan Review and Amendment Process</p> <p>Zoning Ordinance Section 905 Approval Criteria for All Amendments</p>	<p>Lists seven polices for review and revision of the Comprehensive Plan</p> <p>Lists four criteria that must be met for approval of any zoning map or zoning text amendment</p>	<p>Does not change any existing provision. Adds new criteria requiring any future amendments to be consistent with the Metro Growth Management Functional Plan and applicable regional policies.</p> <p>Does not change any existing provision of Section 905. Amendment adds new criteria requiring future proposal be consistent with the Metro Growth Management Functional Plan and applicable regional policies.</p>
2.	#57. Add a reference to "applicable regional policies" in sections of comprehensive plan and zoning ordinance concerning amendment procedures.	<p>Comprehensive Plan Chapter 2, Objective #1, Policy 7 Plan Review and Amendment Process</p> <p>Zoning Ordinance Section 905 Approval Criteria for All Amendments</p>	<p>See lines 1 & 2 above</p> <p>See lines 1 & 2 above</p>	<p>See lines 1 & 2 above</p> <p>See lines 1 & 2 above</p>
3.	# 58. Include a requirement that notification be made to Metro for applications to amend the Comprehensive Plan and Zoning Ordinance.	<p>Zoning Ordinance Section 902 Amendment Procedure</p>	<p>Identifies what steps must be taken for any proposed amendment of the zoning map or zoning text.</p>	<p>Does not change any existing provision of Section 902. Amendment adds new requirement to provide notice of any amendment to Metro 45 days before a public hearing of the City Council. Also requires a report evaluating the consistency of the proposal with the Metro Urban Growth Management Functional Plan.</p>

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(DRAFT)
 Town Center
 Area Map

As Recommended by the
 Functional Plan Compliance
 Steering Committee

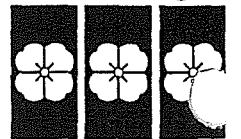


Areas to be removed



Town Center Area

CITY OF



MILWAUKIE