



**Work Session**

**WS**

**Milwaukie City Council**



**MINUTES**  
**MILWAUKIE CITY COUNCIL**  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

**WORK SESSION**  
**DECEMBER 1, 2015**  
 City Hall Council Chambers

**Mayor Gamba called the Work Session to order at 4:06 p.m.**

**Council Present:** Council President Batey and Councilors Wilda Parks, and Karin Power

**Staff Present:** City Manager Bill Monahan, City Recorder Pat DuVal, Assistant to the City Manager Mitch Nieman, Finance Director Casey Camors, Planning Director Denny Egner, and Community Development Director Alma Flores

**Urban Renewal Feasibility – Meeting 2**

**Mr. Egner** introduced the topic.

**Nick Popenuk** provided a memo with recommendations and responses to the Council's questions from the previous session. The analysis looked at three different areas: Downtown, Central Milwaukie, and the North Industrial area. The second part of the analysis had to do with creating a draft urban renewal plan. The third and final part of the process would be if after Council reviewed the draft plan and decided to pursue it, his team would refine it into a final plan that would go to Council for adoption. The timeline was next spring for the draft urban renewal plan, with the potential adoption of a final plan next summer, if Council so directed.

**Mr. Popenuk** discussed the background of the feasibility analysis. The first recommendation was that the City proceed with a draft urban renewal plan process that included Downtown and Central Milwaukie. He discussed the key ingredients that make an area an ideal candidate for urban renewal. Depending on the type and length of development, Downtown and Central Milwaukie area could potentially generate a Tax Increment Financing (TIF) revenue of \$30 - \$70 million. Potential projects included street improvements, structured parking, public amenities, and things of that nature.

**Mr. Popenuk** explained that the second recommendation was for the City to exclude the North Milwaukie Industrial Area (NMIA) from the draft urban renewal area (URA) planning process at this time. The NMIA area was lacking a clear vision. The City was just embarking on a 2 year process to do planning work for the area, and urban renewal would be more effective after that planning / visioning was complete in 2018. He further clarified that in order for urban renewal to be successful, generally it needed public support and a vision with a clear list of projects.

**Mr. Popenuk** discussed the third recommendation, for the City to combine Downtown and Central Milwaukie into one URA. The goals were similar, had geographic proximity, financial security, and administrative ease. He recommended that the City pursue these areas during the draft plan phase. He discussed three questions for the City Council related to the recommendations.

The group discussed the inclusion of the Milwaukie Marketplace; it was included in the URA. **Mr. Popenuk** added that at this level of analysis, it could be decided to explore 32<sup>nd</sup> Avenue and / or other areas as well; the boundaries were not set in stone.

**Council President Batey** was in agreement to the recommendations that Mr. Popenuk provided. She asked how Mr. Popenuk's team balanced creating a list and also being flexible for future Councils, while having a vision the public supports.

**Mr. Popenuk** said that all urban renewal plans needed goals and objectives. By having the combination of broad categories and specifics listed underneath, future Councils would have the ability to see new opportunities and where they fit into the existing URA goals, objectives, and original intent of the plan.

**Council President Batey** would like to preserve the flexibility of improving the crosswalks of Hwy 224 at Harrison St, Monroe St, and Washington St. **Mr. Popenuk** discussed the possibility of making boundaries large enough or having cherry stems to include the intersections. **Councilor Power** expressed concerns about the crossings, and noted that including all three as cherry stems made sense.

**Mr. Popenuk** explained that in certain situations, like areas that did not anticipate redeveloping in near future or property owners that did not want to be a part of the URA, properties could be left out, particularly in single family residence (SFR) areas.

**Councilor Power** suggested leaving out the SFR areas, while including the intersections. **Councilor Parks** and **Council President Batey** agreed, and were in agreement with all three of **Mr. Popenuk's** recommendations.

**Mayor Gamba** was in agreement with two of the recommendations, but undecided about the exclusion of the NMIA area.

**Mr. Popenuk** wanted to make sure to avoid a situation where people were excited about Downtown and Central Milwaukie, but NMIA was seen as a distraction. **Council President Batey** pointed out that in the light rail alignment process there were vocal owners, and there was a real chance NMIA might be a distraction.

**Ms. Flores** said there were other resources that could be tapped, including enterprise zones. Staff felt that the NMIA could be left out at this time. **Mayor Gamba** discussed the loan strategy in the City of Eugene. He had some of the same thoughts about NMIA. **Ms. Flores** said Business Oregon had many tools and she would rather tap those and not wait for URA. **Mayor Gamba** was in agreement with all three recommendations.

**Mr. Egner** discussed the next steps, which included forming an advisory committee. **Mr. Popenuk** explained the organizations to include, including all affected taxing districts, with representatives from the City and community members.

**Council President Batey** thought the Hector Campbell Neighborhood District Association (NDA) might want to be included, since they had discussed the McFarland site. **Mr. Egner** suggested having a couple of at-large positions. He would like to begin to fill in the blanks to start contacting people. **Mayor Gamba** would like to have time to think about the URA Advisory Committee.

**Mr. Popenuk** suggested reaching out to the taxing districts and possibly reaching out to Clackamas Community College (CCC) and asking if it wanted to be involved.

**Councilor Power** said it made sense to include at least two business owners from both Downtown and Central Milwaukie.

**Council President Batey** thought staff could select business or property owners, whereas the NDAs would probably like to select their own.

**Mr. Egner** said staff would contact the taxing districts.

**Mayor Gamba recessed the Work Session at 4:48 p.m. and reconvened the Work Session at 5:17 p.m.**

### **Planning Commission Update**

The Planning Commission (PC) members introduced themselves: **Sine Bone**, Chair, (Lake Road); **Shannah Anderson** (Linwood); **Adam Argo** (Linwood); **Greg Hemer** (Linwood); and **Shane Abma** (Ardenwald). **Shaun Lowcock** and **Scott Barbur** were not present.

**Mr. Egner** gave background on issues and activities before the Commission.

**Ms. Bone** said for the most part the PC agreed with the comprehensive list. Other ideas included a parking study with light rail and redevelopment, and housing demolition concerns.

**Mr. Hemer** suggested that the Design and Landmarks Committee (DLC) might be a good place to look at the historic resource and tear down issues. **Mr. Argo** said the DLC can be of help to staff, and when he was on the DLC there was a need for a historic resources inventory. He suggested a joint session between the DLC and the PC to set a strategy for long term preservation and to identify community assets.

**Ms. Anderson** said the potential demolition tax with the City of Portland may be able to be used as a starting point. Three exemptions were houses with code violations, catastrophic loss, and if the property was within the flood plain. **Councilor Power** discussed an online map that tracked SFR demolitions in the City of Portland. **Council President Batey** hoped the residential design standards would have some effect.

**Mr. Hemer** was concerned about the downtown residential area. He asked how to connect with the community on what people enjoyed about the properties.

**Mayor Gamba** discussed the yin and yang of affordable housing. He suggested looking at cottage clusters, Accessory Dwelling Units (ADUs), and tiny homes, and how to find a way to make them work in the neighborhoods.

**Councilor Power** discussed the idea of looking at the Portland code and how to make multi-family dwellings in SFR zones. **Mayor Gamba** discussed boarding houses.

**Mr. Egner** said staff will have conversations with the PC and City Council on how to update the Comprehensive Plan. This included the economic opportunities analysis and a housing needs analysis.

**Councilor Power** supported the PC work plan including the parking study.

**Council President Batey** discussed the code maintenance analysis and the idea that an expansion to the house had to share a wall. She suggested that the PC think about some simple way to offer incentives for people to design new houses around mature trees such as reduced System Development Charges (SDCs). In all, she thought work plan looked great.

**Councilor Parks** supported the well put together program.

**Mayor Gamba** asked if a residential bonus was allowed in the flex space overlay in the General Mixed Use (GMU) zone. **Mr. Hemer** recalled that bonus heights for residential and green buildings had been allowed, and the PC at the time said to do the same thing as Downtown. The PC did go through the green concept, and if residential was allowed then the residential bonus would be allowed.

#### **City Prosecutor Request for Proposals (RFP) Update**

**Mr. Monahan** reported that a Request for Proposal (RFP) was out for the City Prosecutor, and asked if Council wanted to be involved in the interview panel. The group agreed for staff to do interviews and make a recommendation to City Council.

**Mayor Gamba** adjourned the Work Session at 5:50 p.m.

Respectfully submitted,



Amy Aschenbrenner, Administrative Specialist II

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## Memorandum

To: City Council  
From: Alma Flores, Community Development Director  
CC: Bill Monahan, City Manager  
Date: November 30, 2015  
Re: Community Development Department Projects - City Council Update for December 1, 2015, Work Session

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### Community Development/Economic Development

- Triangle Site RFQ for a Food Cart Pod
- City Block 14 and Cash Spot sites
- Urban Renewal Planning
- Economic Opportunities Analysis/ED Strategy
- Partnerships
- Grants
- Tools and Incentives/Business Workshops
- Parklets
- Wayfinding Systems Plan--Downtown

### Engineering

- Riverfront Park
- 17<sup>th</sup> Avenue Multi-Use Trail
- Stanley Avenue Stormwater
- Kellogg Ped/Bike Bridge

### Planning

- Land Use and Development Review
- Annexations
- Monroe Street Neighborhood Greenway
- 19<sup>th</sup> Avenue & Sparrow Street Greenway
- Miscellaneous

### Building

- No items

### Community Development/Economic Development

#### **Triangle Site RFQ for a Food Cart Pod**

- Final details of the RFQ are being put together. A few more questions for council are being sought. The RFQ will go out no later than the beginning of the new year.

#### **City Block 14 and Cash Spot sites**

- Meetings with Metro have been happening in order to pull together an updated Intergovernmental Agreement (IGA). Discussions over aspects of the due diligence needed before an RFP could be developed. Held meeting with Business Oregon to inquire into funding the Phase Is and possibly Phase IIs (if needed) for the sites. Will be working on grant application. A scope of work for a boundary verification (natural resources) for the Cash Spot site is being developed.

#### **Urban Renewal Planning**

- The consultant team is making a presentation at the December 1<sup>st</sup> worksession to discuss the feasibility of establishing an urban renewal district and the options for district boundaries.

#### **Tools and Incentives/Business Workshops**

- Economic Development to sponsor MercyCorp NW for a Small Business workshop on December 9 from 7:30-9 a.m. at the Pond House.

#### **Wayfinding Systems Plan**

- An effective wayfinding system will increase the attractiveness of the City by helping visitors navigate efficiently to area destinations and amenities, create positive perceptions, and define

a thematic and coherent district. Community Development will be posting a request for proposals for a consultant to develop a wayfinding plan for the downtown area. The Plan will be developed over the course of 6 months.

## **Engineering**

### **Riverfront Park**

- Project Complete.

### **Stanley Avenue Stormwater**

- Project has encountered unstable ground within the trenches, some delays will be encountered to adjust.

### **Kellogg Ped/Bike Bridge**

- Project Complete, contractor working on punch list items.

## **Planning**

### **Land Use and Development Review**

- City Council:
  - December 1 – 5<sup>th</sup> City Council public hearing on Moving Forward Milwaukie Central Milwaukie amendments presented in file #CPA-2015-001. On November 3, Council suggested some minor amendments to the plan. Those changes are being incorporated into the latest draft.
  - December 15 – 2<sup>nd</sup> City Council public hearing on Moving Forward Milwaukie Neighborhood Main Street amendments presented in file #ZA-2015-002. On November 17, Council suggested some minor revisions to the code amendments, which will be incorporated into the final draft. Adoption of the Neighborhood Main Streets amendments at this hearing is subject to adoption of the Central Milwaukie amendments on December 1.
  - December 15 – Council worksession on a planned Comprehensive Plan update. Key questions include the process and scope of the update.
- Planning Commission:
  - The Commission will meet with the Council in a joint worksession on December 1 to discuss their 2016 work program.
  - No public hearings scheduled until January 2016.
- Land Use Applications<sup>1</sup>:
  - No new Type II or III applications submitted since last update.

### **Monroe Street Neighborhood Greenway**

- Council will reopen the public hearing on December 1.

### **19th Avenue & Sparrow Street Neighborhood Greenway**

- A Council study session was held with the consultant team and neighborhood members. Staff is scheduling a follow-up meeting with the neighborhood and a second meeting with the Council.

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<sup>1</sup> Only those land use applications requiring public notice are listed here.

## **Building**

- No items



## Mercy Corps Northwest Small Business Orientation

### How Can We Work Together To Build Your Business?

Join us for a free program orientation to find out which of our business development services is right for you — no advanced registration required. Mercy Corps Northwest staff will introduce our small business programs (loans, matched-savings IDA grants, education) and briefly discuss our other community initiatives, including our Business Foundations I class in Milwaukie beginning in February.

#### Details

Time: 7:30-9:00am  
Dates: Wednesday, December 9th  
Location: Pond House 2215 SE Harrison St. in Milwaukie  
Cost: FREE

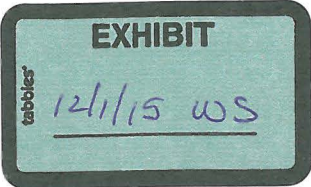
[Learn more about how we can help build your small business:](#)

[www.MercyCorpsNW.org/business](http://www.MercyCorpsNW.org/business)

Questions? Contact the Training Team at 503-896-5050 or [aperez@mercycorpsnw.org](mailto:aperez@mercycorpsnw.org).

In Partnership with the City of  
Milwaukie





<b>Milwaukie Urban Renewal Advisory Committee</b>		
<b>Organization</b>	<b>Position</b>	<b>Number of Seats</b>
City	Mayor or Council	1
City	Planning Commissioner	1
City	City Manager/CD Director	1
City	Finance Director (optional)	1
NDA – Historic Milwaukie	Officer/Member	1-2
NDA - Ardenwald	Officer/Member	1-2
Downtown Business Association	Representative	1
Business/Property - Downtown	Owner/Representative	1-2
Business/Property – Cent. Milw.	Owner/Representative	1-2
Taxing District – School District	Finance Director	1
Taxing District – Comm. College	Finance Director	1
Taxing District – Fire District	Finance Director	1
Clackamas County	Finance or Community Dev.	1

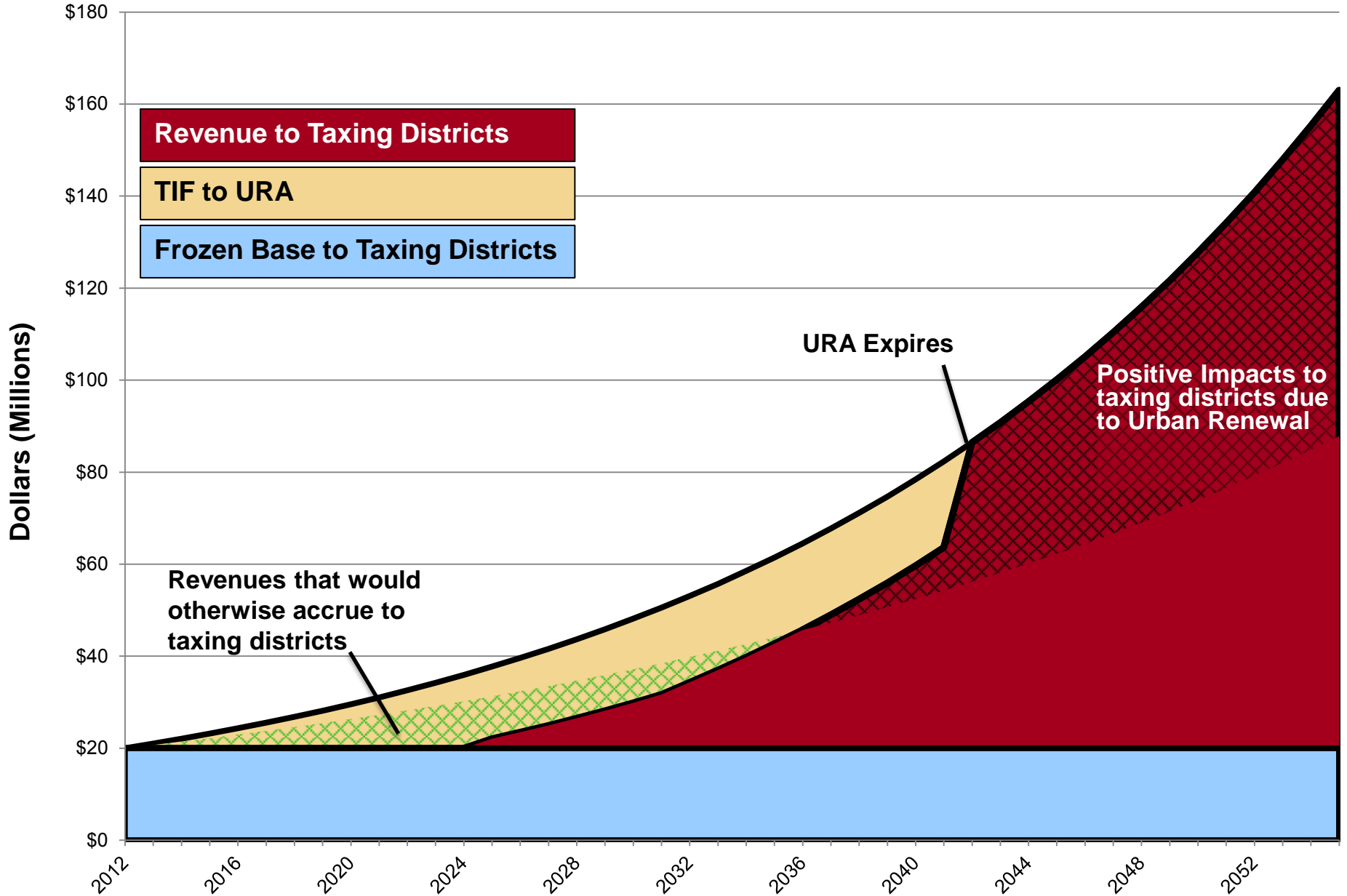
# Milwaukie Urban Renewal Feasibility Study

City Council

Nov 3, 2015



# How urban renewal works



# History of UR in Milwaukie

- UR Plan adopted, then repealed (1987)
- Previous feasibility study (Sept 2009)
- Recent Council discussions
- UR 101 presentation
- Moving Forward Milwaukie TIF forecasts

# Feasibility Study Scope of Work

- Feasibility Analysis – Nov 2015
  - City Council (2 meetings)
  - Where and how should UR be explored?
- Draft UR plan and report – April 2016
  - Advisory committee (5 meetings)
  - City Council (2 meetings)
  - General Public
  - Affected taxing districts
- Final UR plan and report – June 2016

# Approaches to using urban renewal

- Big boundary
- Small boundary
- Really small boundary (site-specific)
- Multiple boundaries
- Small to start, expand later

# Big boundary

## Pros

- Greater financial stability, lower risk
- Administrative ease
- Faster TIF generation

## Cons

- Competition for funding
- More complicated stakeholder involvement
- Bigger annual impact on tax districts
- Less focused

# Small boundary

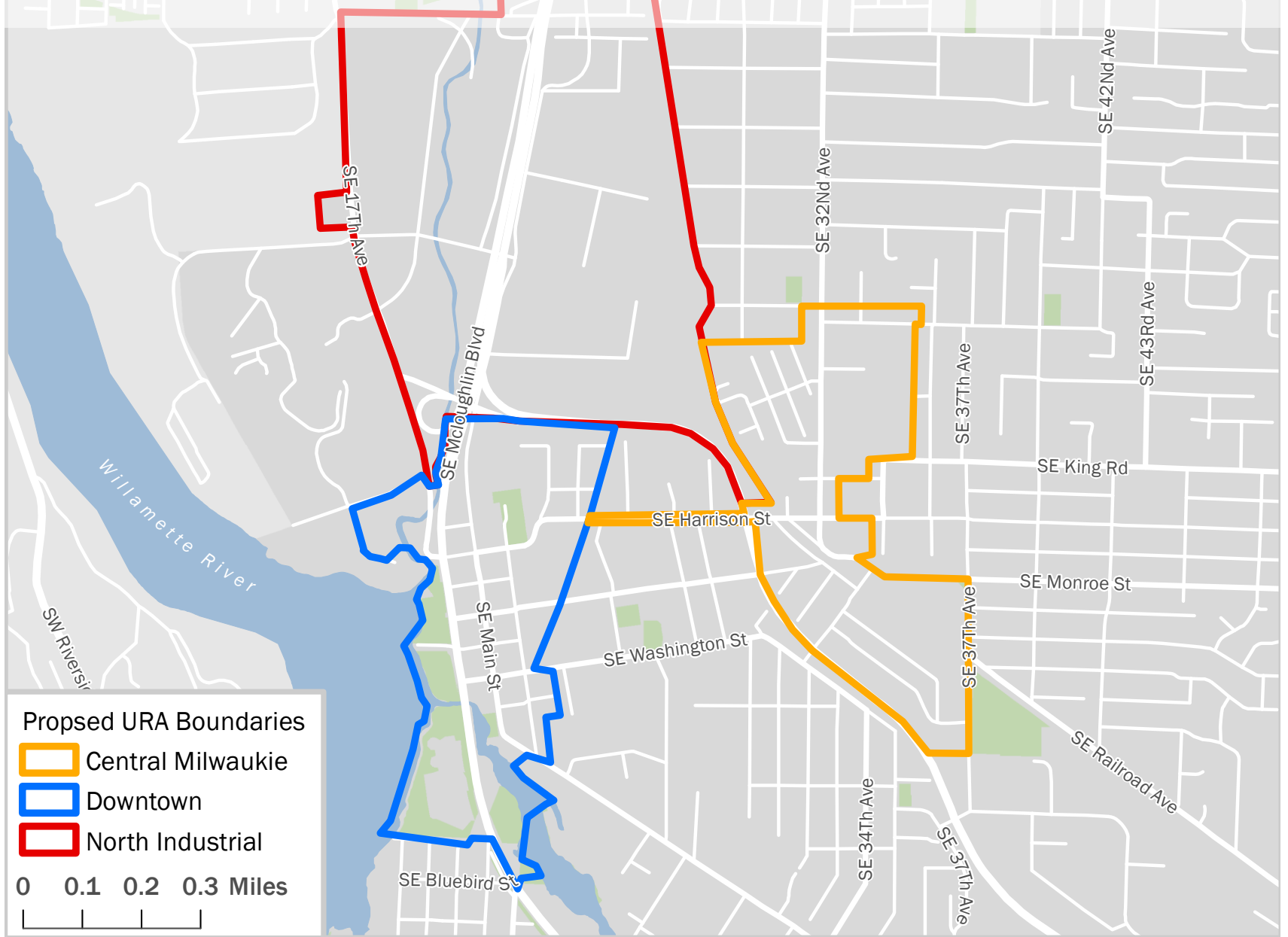
## Pros

- Focused
- Simplified stakeholder involvement
- Administrative ease\*
- Lower annual impact on taxing districts




## Cons

- Less financial stability, more risk
- Slower TIF generation

# Areas under consideration for UR



## Proposed URA Boundaries

-  Central Milwaukie
-  Downtown
-  North Industrial

0 0.1 0.2 0.3 Miles



# Downtown

- Goals
  - Build on existing assets
  - Provide opportunities for housing downtown
  - Strengthen Main Street
- Obstacles
  - Lack of demonstrated market demand
  - Cost of street improvements
  - Cost of off-street parking

# Downtown

- Benefit of urban renewal
  - Street improvements
  - Shared parking garage
  - Financial incentives for developers
  - Façade improvements or tenant improvements
  - Public amenities

# Central Milwaukie

- Goals
  - City's central commercial center
  - Complement and protect surrounding neighborhoods
  - Attract a mix of uses
- Obstacles
  - No internal street network for opportunity sites
  - Transportation barriers: Hwy 224 and railroad
  - Lack of demonstrated market demand

# Central Milwaukie

- Benefit of urban renewal
  - Transportation improvements
  - Internal street grid on opportunity sites
  - Open space and public amenities

# North Industrial

- Goals
  - Mix of uses north of Beta Street
  - High-wage employment south of Beta
- Obstacles
  - Numerous transportation improvements
  - Has received less planning/visioning attention than other areas of City
- Benefit of urban renewal
  - Transportation improvements

# Direction needed from Council

- For which areas (if any) should we explore the use of urban renewal?
  - What additional information do you need to make this decision?
- What do you hope to accomplish with UR?
  - Specific projects and activities?
- What constraints would you like to see on the use of urban renewal in Milwaukie?



**MILWAUKIE CITY COUNCIL  
WORK SESSION**

City Hall Council Chambers  
10722 SE Main Street  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

**AGENDA  
DECEMBER 1, 2015**

A light dinner will be served.

**Page #**

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|---|-----------|
| <b>1. 4:00 p.m. Urban Renewal Feasibility – Meeting 2</b> |           |
| Staff: Denny Egner, Planning Director                     | <b>1</b>  |
| <b>2. 5:15 p.m. Planning Commission Update</b>            |           |
| Staff: Denny Egner, Planning Director                     | <b>15</b> |
| <b>3. 5:45 p.m. Adjourn</b>                               |           |

**Meeting Information**

- The time listed for each item is approximate; the actual time each item is considered may change due to the length of time devoted to the previous item. The Council may vote in Work Session on non-legislative issues.
  - Executive Sessions: The Milwaukie City Council may meet in executive session immediately following adjournment pursuant to ORS 192.660(2).
    - All Executive Session discussions are confidential and those present may disclose nothing.
    - Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed.
    - Executive Sessions may not be held for the purpose of taking final actions or making final decisions.
    - Executive Sessions are closed to the public.
  - For assistance/service per the Americans with Disabilities Act (ADA), please dial TDD 503-786-7555
- During meetings the Council asks that all pagers and cell phones be set on silent mode or turned off.



MILWAUKIE CITY COUNCIL  
STAFF REPORT

**WS 1.**  
**Dec. 1, 2015**

**To:** Mayor and City Council

**Through:** Bill Monahan, City Manager  
Alma Flores, Community Development Director

**Subject:** **Urban Renewal Feasibility – Meeting 2**

**From:** Denny Egner, Planning Director

**Date:** November 24, 2015, for the December 1, 2015, Work Session

**ACTION REQUESTED**

Council is being asked to provide direction on preparation of an urban renewal plan for the downtown and central Milwaukie.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

**November 3, 2015:** The Council held a work session at which the ECONorthwest consultant team provided an overview of issues related to urban renewal.

**June 30, 2015:** The City Council held a Study Session regarding their 2015 Goal to develop an urban renewal strategy for the downtown and the north industrial area.

**May 19, 2015:** The City Council adopted goals for the 2015-16 fiscal year including a goal to develop an "Urban Renewal Strategy for the Downtown and the North Industrial Area."

**Summer 2014:** Council used three study sessions to discuss the Action and Implementation Work Program for the Moving Forward Milwaukie project. Much of the discussion focused on financial tools including the potential use of urban renewal and tax increment financing (TIF) on a site-specific basis.

**1987, 1997, 2003, and 2009:** The City of Milwaukie has considered the use of urban renewal and tax increment financing to assist in redevelopment four previous times during the past 30 years. A renewal plan was adopted in 1987 but was repealed soon after.

**BACKGROUND AND DISCUSSION**

The consultant's report is attached to this cover memo. The report recommends preparation of an urban renewal plan for the downtown and central Milwaukie. It recommends waiting until after the North Milwaukie Industrial Area Plan is completed to consider an urban renewal plan for that area. The report also answers questions raised at the November 3 Council work session.

**CONCURRENCE**

No other departments reviewed the draft report.

**FISCAL IMPACTS**

The urban renewal feasibility and plan project carries out a Council goal and was included in the Community Development Department budget.

**WORK LOAD IMPACTS**

The work associated with this project is assumed to be within the normal workload capacity of the Planning and Community Development staff.

**ALTERNATIVES**

This work session is focused on how to implement the Council Goal for development of an urban renewal strategy. No alternative approaches have been explored.

**ATTACHMENTS**

1. November 24, 2015 ECONorthwest Report



DATE: November 21, 2015  
TO: Alma Flores and Denny Egner  
FROM: Nick Popenuk and Elaine Howard  
SUBJECT: RECOMMENDATIONS ON URBAN RENEWAL FEASIBILITY STUDY

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ECONorthwest and Elaine Howard Consulting (“the ECO Team”) have been hired by the City of Milwaukie to conduct an urban renewal feasibility study. The purpose of the study is to identify what areas of the City, if any, should be included in a draft urban renewal plan. This draft plan process would include stakeholder involvement efforts to determine if and how urban renewal should be used in Milwaukie.

This memorandum includes two parts: (1) recommendations for the draft urban renewal plan, and (2) answers to City Council questions. In the first section, we make clear recommendations on what areas should be explored for the potential use of urban renewal in the draft urban renewal plan. In the second section, we address questions that were raised by the Milwaukie City Council at the November 3<sup>rd</sup> meeting to discuss this project.

## **1. Recommendations for the draft urban renewal plan**

### **Downtown and Central Milwaukie should be included in the draft urban renewal plan**

We recommend the City create a draft urban renewal plan for the downtown and Central Milwaukie areas. Both of these areas have significant potential for future development, and significant obstacles that have limited development in the past. Urban renewal can help these areas overcome these obstacles to achieve their full potential. Additionally, both of these areas have been subject to significant recent planning efforts (including public involvement) that provide a clear vision for each area. These recent planning efforts identify economic development and infrastructure projects for each area. Additional funding, however, is necessary to implement these projects, and urban renewal is an effective funding tool.

We recommend combining downtown and Central Milwaukie to form one contiguous urban renewal area. Although each area is unique, they both have many of the same goals, including (1) attracting new, mixed-use, development, (2) improving multi-modal transportation infrastructure, and (3) supporting the existing businesses and residents that live, work, or shop in each area. These similarities make it easier to adopt one urban renewal plan that applies to both geographies. Additionally, the two areas are quite close to each other, with less than half a mile separating the two. In fact, some of the properties located between downtown and Central Milwaukie could be included in the urban renewal area. These types of boundary refinements will occur in the process of drafting the urban renewal plan.

There are also practical reasons for pursuing one plan instead of two. One urban renewal area will be easier to administer than two: there would be one advisory committee, one budget

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process, one audit and one financial report. Additionally, combining the two geographies into one urban renewal area provides a larger and more diverse tax base, which provides security when incurring bonds or loans.

The process for writing a draft urban renewal plan includes a substantial stakeholder involvement component, which will allow the City to determine the specific types of projects the community would like to see funded with urban renewal, and the level of support from the public and affected taxing districts for the proposed urban renewal area. This stakeholder involvement process will inform the City Council as it makes future decisions on whether or not to proceed with a final urban renewal plan.

Preliminary financial analysis indicates that an urban renewal area including both downtown and Central Milwaukie could generate between \$29.8 million and \$71.4 million in tax increment finance (TIF) revenue over the course of 25 years. The actual amount of TIF revenue will depend on the amount and timing of new development that occurs in the area.

Based on previous planning efforts in the area, potential urban renewal projects could include:

- **Street improvements.** Widening sidewalks, undergrounding utilities, adding street trees, and other actions to bring the streetscape up to the City's adopted standard can make an area more attractive for development. These projects can also reduce the cost of private development, if they would otherwise be imposed as a condition of development. In Downtown, these improvements would be to the existing streets. In Central Milwaukie, these improvements may include building the internal street grid on large vacant opportunity sites, or making improvements to bicycle and pedestrian connections to and through the area.
- **Structured parking.** Commercial, residential, or mixed-use buildings all generate a significant amount of traffic, requiring adequate parking nearby. Surface parking requires large amounts of land. Structured parking is expensive to build, and can be difficult to accommodate on some sites. The City could provide a shared parking garage that would benefit new and existing residents and businesses, and would reduce the amount of parking that new development would need to provide onsite, reducing construction costs, and ensuring land is not tied up unnecessarily in surface parking lots.
- **Financial incentives for private development.** Some desirable private development projects have financial pro formas that show an insufficient rate of return to justify the development. This is especially true for areas that do not have recent comparable developments demonstrating high rents, and for buildings that seek to achieve other goals like iconic "gateway" architecture, or LEED-certified sustainable construction. Urban renewal can provide incentives to these developers to improve their financial return on investment.
- **Façade improvements.** A cost-effective strategy used by many urban renewal areas across the state is to provide grants or loans to existing businesses for façade improvements that enhance the attractiveness of their buildings. These programs not

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only benefit the businesses receiving the loans and grants, but can have a positive impact on the attractiveness of the entire area, stimulating additional customers and new development.

- **Public amenities.** Urban renewal best practices are to focus on investments that stimulate additional taxable development. There are, however, instances in which it makes sense to fund public amenities with urban renewal dollars. Some amenities like Riverfront Park, Kellogg Lake, or other public plazas and parks can help attract more residents and customers to an area, stimulating additional new development.

## North Milwaukie Industrial area should be excluded from the draft urban renewal plan

We recommend that, at this time, the City not pursue the use of urban renewal for the North Milwaukie Industrial Area (NMIA). This area has not undergone the same level of planning and stakeholder involvement as downtown and Central Milwaukie. Additionally, the industrial area has a substantially different character than downtown and Central Milwaukie, and may not share common goals with those commercial areas, which would suggest that if urban renewal were used for the NMIA, it should be through a separate urban renewal plan, rather than in combination with downtown and Central Milwaukie.

Recently, the City entered into an intergovernmental agreement with Clackamas County and Metro to prepare the NMIA Plan, a two year planning grant.<sup>1</sup> This study is funded through a grant from Metro's Community Planning and Development Grant Program. At the conclusion of this study, the City will have a clearer picture of the goals and objectives for the NMIA. Our recommendation is to not pursue the use of urban renewal in this area until after the study is completed, and only if the study identifies the types of projects and barriers to economic development that justify the use of urban renewal.

Note that preliminary financial analysis did find that the area has the potential to generate cumulative TIF revenue of \$31.8 to \$75.9 million over the course of 25-years, depending on the amount and timing of taxable development in the area. Thus, the question is not whether or not TIF could be used in the NMIA, but should it be used in the area, and to what purpose? Those questions are best answered through the NMIA Plan, and can inform future decisions on whether or not to use urban renewal in this area.

We find urban renewal planning is much more effective when the underlying planning efforts have been completed. In this case, that planning effort is fully funded and will be underway shortly. That NMIA planning effort, however, will not be complete until sometime in 2018. Once the NMIA Plan is complete, the City Council can decide if it wants to pursue the use of urban renewal in the NMIA.

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<sup>1</sup> City of Milwaukie Resolution No. 100-2015, 11/3/2015.

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## Questions for Council deliberation

1. Should the City prepare a draft urban renewal plan (including stakeholder input) for the downtown and Central Milwaukie areas?
2. Should the downtown and Central Milwaukie areas be combined as one urban renewal area?
3. Should the City wait to make any decisions about the use of urban renewal in the NMIA until after the NMIA Plan is complete?

## 2. Answers to City Council questions from 11/3/2015

As part of this effort, the ECO Team met with the Milwaukie City Council on November 3 to discuss the potential for using urban renewal in Milwaukie. This section responds to several questions that were raised at the City Council meeting. It is organized according to key topics, including the following:

- Process for determining the project list
- Examples of urban renewal projects
- The use of urban renewal for affordable/workforce housing
- Urban renewal impacts on taxing districts
- Strategies for accelerating the timeline of an urban renewal area

### Process for determining the project list

Determining the project list is part of the process to prepare an urban renewal plan. Identifying projects for the project list typically involves a variety of sources, including: previously adopted planning documents, capital improvement plans, comments from city departments, and needs identified through the public process including stakeholder advisory committees, Planning Commission and City Council input.

The project lists are initially extensive, covering all types of assistance that might be needed within an urban renewal area. These lists get whittled down as estimated costs for individual projects (or categories of projects) are developed, and compared to the total cost (as adjusted by inflation), to projections of maximum indebtedness. This process is usually a balancing act between including all of the projects desired and ensuring that the projects are financially feasible in the desired timeframe on the other side.

There are times when the project list is so extensive relative to the revenue potential of an urban renewal area that it could only be accomplished in a 35 to 45-year timeframe. Many city councils will determine that this is too long for an urban renewal area. Given that, they will then pare down the project list. Typically, we see jurisdictions plan to accomplish all projects over the course of 20 to 30 years, with an additional 5 to 10 years often needed to repay long-term debt incurred by the district.

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As described later in this memorandum, the timeframe is not absolute. However, the financial projections will provide estimates on the capacity of the urban renewal area within specified time frames. The advisory committee and City Council will provide input on their expectations for a reasonable timeframe for urban renewal. The consultant will then provide information about the dollar amount of projects that can be accomplished to enable the plan to be financially feasible within the desired time period. There is usually priority setting at that time to establish which projects to include in the urban renewal plan, and which projects will need to rely on other funding sources.

## Examples of urban renewal projects

Urban renewal is a tool that has been used extensively in the State of Oregon. These urban renewal areas vary greatly in their size, location, type of land uses, conditions of blight, and stated goals and objectives. Thus, a wide range of projects have been funded with urban renewal in Oregon. Many urban renewal plans, however, focus on downtown commercial areas, similar to the Downtown and Central Milwaukie areas. These areas tend to have more consistency in the types of projects that are funded. Examples of these projects are listed below:

- Storefront façade and signage loan or grant program
- Streetscape improvements: sidewalks, street furniture, bike lanes, bike parking, lighting, banners, wayfinding signage, plazas
- Tenant improvements
- Predevelopment assistance
- Public/private redevelopment/development assistance (loan or grant)
- Technical assistance for development
- Business financing/loans
- Infrastructure improvements including water, sewer, stormwater and street improvements
- Incentivize housing development
- Parking improvements, surface or parking garage
- Site acquisition, land banking, site preparation, disposition
- Staff/administrative costs for administering the program

While not all of these projects directly generate TIF, the majority of them are intended to create the atmosphere conducive to new taxable development. For example, a public plaza is non-taxable and does not create increment, but a plaza located in a commercial district near shops and restaurants can help create an atmosphere for those businesses to thrive. Another example is storefront/façade improvements. While façade improvements may not create increment, they can help provide momentum for other improvements to not only the property getting the façade assistance, but surrounding properties.

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## The use of urban renewal for affordable/workforce housing

The provision of affordable/workforce housing is becoming an increasingly important issue for cities throughout the state. Most cities are not in the business of building affordable housing. Cities such as Portland have made it their business to assist in the production of affordable housing. They have done so through requirements in their urban renewal plans to allocate a specific amount of urban renewal revenues to go towards affordable housing projects (for many years, the City required 30% of TIF to be dedicated to affordable housing, but in 2015 this requirement was increased to 45%). At this time, Portland has the only urban renewal areas in the state that has such a requirement. Other cities are considering whether they want to use a portion of their tax increment revenues to assist in the development of affordable housing, including workforce housing.

An issue with spending tax increment funds on affordable housing is that the affordable housing will typically produce little if any tax revenue. Since urban renewal is dependent on the increase of tax revenue to be able to accomplish economic development projects and programs, spending money on projects that do not produce tax increment should be done very carefully. This is especially important when communicating with affected taxing districts. These tax districts have an expectation that projects will be undertaken in the urban renewal area to increase property values beyond what would have occurred without urban renewal. If instead, urban renewal funds are spent on projects that do not stimulate an increase in taxable value, the affected taxing districts will not experience a financial return on investment.

If an urban renewal area does pursue affordable/workforce housing, ideally that commitment would be made clear at the inception of the urban plan so that the City Council and advisory committee can understand the financial implications. Below, we describe some examples of urban renewal areas that have invested in affordable or workforce housing:

- The City of Portland recently amended their requirement on urban renewal funding for affordable housing, increasing the required percentage of TIF revenue that must be spent on affordable housing from 30% to 45% of total tax increment revenues.
- The Albany Redevelopment Agency recently completed an affordable housing project that included the removal of a blighted trailer park that was replaced with affordable housing financed in partnership with the State of Oregon Housing Division, State of Oregon tax credits. The Albany Redevelopment Commission funded 14% of the total project cost.
- The City of Sherwood, with assistance from their urban renewal agency, recently participated in the development of market rate apartments directly adjacent to the downtown core in an effort to attract additional residents in downtown and to provide housing that is affordable for employees in downtown.

## Urban renewal impact on taxing districts

Urban renewal generates revenue through the process of tax increment financing. This process is a division of existing property tax rates. **It is not an increase in tax rates.** When an urban

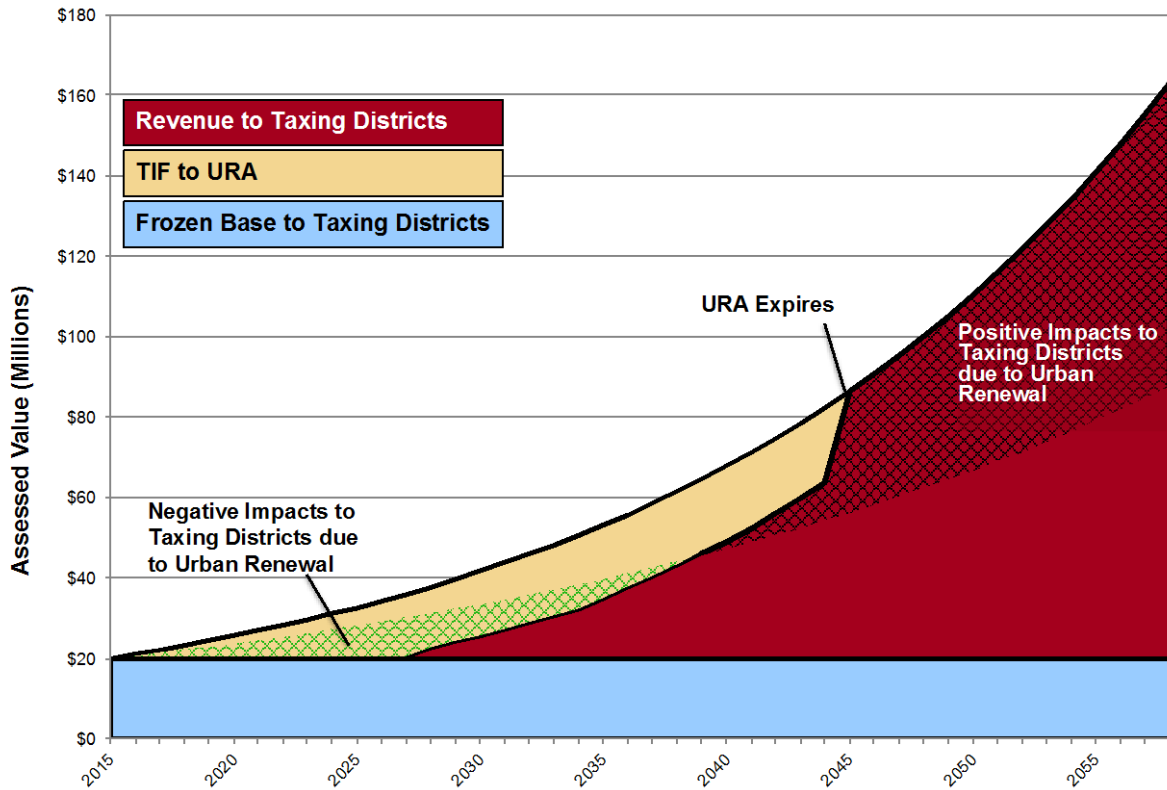
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renewal area is formed, the assessed value of the area is frozen (called the “frozen base”). When property values increase in the area over time, the increase in value is called the “increment.” Tax revenue generated from the frozen base continues to be paid to the affected taxing districts, but tax revenue generated from the increment is paid to the urban renewal area. The revenue that goes to the urban renewal area, instead of the affected taxing districts is known as “foregone” revenue, which is an important impact of urban renewal that should be considered before adopting an urban renewal plan.

Ideally, the use of urban renewal stimulates additional growth in assessed value in the area that would not have happened, but for urban renewal. Thus, although some property tax revenue is being diverted from affected taxing districts, that revenue would never have existed without the use of urban renewal. Affected taxing districts typically are more likely to support the use of urban renewal, when the plan identifies projects that are intended to increase property values in the area. This is especially important because urban renewal areas are temporary. Once an urban renewal area expires, if it was successful at generating assessed value growth, that increase in value will provide a return on investment to the affected taxing districts. Ideally, the loss of revenues in the short-term will be off-set by the gain in revenues in the long-term for these taxing districts.

In the past decade, changes to state statutes governing the use of urban renewal have accelerated the return on investment for affected taxing districts. Urban renewal areas are now subject to “revenue sharing,” which means that once annual TIF revenues hit a certain threshold, a portion of those revenues are shared with affected taxing districts, rather than having all TIF be collected by the urban renewal area until termination of the plan. Exhibit 1 illustrates these impacts of urban renewal on taxing districts.

**Exhibit 1. Illustration of urban renewal impacts on affected taxing districts**



Source: ECONorthwest

In Oregon, cities, counties, and numerous special districts all have authority to levy property taxes on property within their boundaries. These taxing districts all have unique boundaries, and overlap each other, resulting in a patchwork of geographies, each with different tax rates. Each unique combination of taxing districts is known as a tax code area. The City of Milwaukie encompasses six different tax code areas, but the vast majority of the City is included in Clackamas County tax code area 012-002. Exhibit 2 identifies the taxing districts that would be affected by urban renewal in Milwaukie, including their tax rates.

**Exhibit 2. Consolidated tax rate for Milwaukie (tax code area 012-002)**

	<b>Permanent</b>	<b>Local Option</b>	<b>GO Bond</b>	<b>Total</b>
<b>Education</b>				
Clackamas Community College	0.5582		0.1881	0.7463
Clackamas Education Service District	0.3687			0.3687
<b>North Clackamas School District</b>	<b>4.8701</b>		<b>2.3709</b>	<b>7.2410</b>
Subtotal: Education	5.7970	0.0000	2.5590	8.3560
<b>General Government</b>				
City of Milwaukie	4.1367		0.1438	4.2805
<b>Clackamas County</b>	<b>2.4042</b>			<b>2.4042</b>
County Extension and 4-H	0.0500			0.0500
<b>County Library</b>				<b>0.0000</b>
County Public Safety Local Option 2012		0.2480		0.2480
<b>County Soil Conservation District</b>				<b>0.0000</b>
Clackamas County Fire District	2.4012		0.0939	2.4951
<b>North Clackamas Parks District</b>	<b>0.5382</b>			<b>0.5382</b>
Port of Portland	0.0701			0.0701
<b>Metro</b>	<b>0.0966</b>	<b>0.0960</b>	<b>0.1957</b>	<b>0.3883</b>
Vector Control	0.0065	0.0250		0.0315
Subtotal: General Government	9.7035	0.3690	0.4334	10.5059
<b>Total</b>	<b>15.5005</b>	<b>0.3690</b>	<b>2.9924</b>	<b>18.8619</b>

Source: Clackamas County Assessor, Fiscal Year 2015-16

Historically, urban renewal areas received TIF from all of the tax rates within the affected tax code area, including permanent rates, general obligation bond rates, and local option levies. However, changes to state statutes in 2001 limited the taxes that can be included in the calculation of TIF for new urban renewal areas. Thus, if the City of Milwaukie created a new urban renewal plan it would collect TIF revenues from the sum of all permanent tax rates, but only general obligation bond levies passed before 2001. No local option levies would be affected by TIF. In Exhibit 2 above, we have not identified which of the outstanding general obligation bond levies were approved prior to 2001, but we will in future phases of this effort. Based on our experience elsewhere in the State, it is likely that most of the outstanding GO bonds were approved after 2001 and therefore would not be included in the calculation of TIF for a Milwaukie urban renewal area.

The City of Milwaukie would be affected by urban renewal like all other taxing districts. Note that the City's local option levy was approved by voters last year, and therefore would not be affected by urban renewal. The City's permanent tax rate of \$4.1367 per \$1,000 of assessed value is roughly one-quarter of the total tax rate that would apply in the area. Based on our preliminary estimates of TIF potential, an urban renewal area that included both downtown and Central Milwaukie would result in \$36,000 to \$70,000 in foregone tax revenue from the City in its first year. For context, the City imposed \$7.8 million in property taxes for FY 2015-16. Thus the initial impact of urban renewal on the City's tax revenue would equal less than 1% of total property tax revenue. This impact would increase over time as property values in the urban renewal area increase.

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Over the course of 25 years, the cumulative amount of this impact would be between \$7.5 million and \$18 million. As mentioned earlier, although the City would forego revenue from its general fund during the life of the urban renewal area, the City would receive between \$29.8 and \$71.4 million in TIF revenue over the same period. These preliminary numbers depend on the amount and timing of new development in the area, and the maximum indebtedness that is selected for the urban renewal area. For the urban renewal area to have a positive return on investment to the City of Milwaukie, it will need to generate taxable development that is sufficient to increase property values that result in higher long-term tax revenue collections that offset the short-term foregone revenues.

Although schools levy property taxes that are impacted by urban renewal, these local property tax revenues do not have a direct impact on funding for local school districts. This is because the state “equalizes” school funding using a formula that takes into account property tax revenue generated at the local school district level, and state revenue generated by the statewide income tax, Oregon Lottery, and intergovernmental revenues.

Allocation of state revenues to local school districts comes in the form of “general purpose grants.” The primary driver of the state allocation is the number of students in each district. The state multiplies the number of students by the general purpose grant, with some adjustments for teacher experience and other factors. **Regardless of local property tax collections, each school district still receives the same amount of funding per student, with state funding making up the difference between local property tax revenues and the general purpose grant amount.**

## Strategies for accelerating the timeline of an urban renewal area

There is no requirement for urban renewal plans to include a definitive timeframe for the life of an urban renewal area. Urban renewal is, however, limited by the maximum indebtedness of an area. Maximum indebtedness is the total amount of tax increment revenue that can be spent on projects (excluding the cost of interest on loans and bonds). Thus, maximum indebtedness can effectively act as a time constraint on urban renewal areas, since once maximum indebtedness is reached, an urban renewal area can no longer undertake new debt, but can only repay outstanding debt.

Despite the fact that the timeframe is not a requirement, some cities are particularly interested in ensuring that urban renewal areas do not carry on long into the future. This is motivated in part by urban renewal areas from the 20<sup>th</sup> century, which were not subject to maximum indebtedness limits, and therefore often did continue indefinitely, sometimes for many decades. Below, we identify several strategies that can be used to limit the duration of an urban renewal area:

- **Add restrictions on increasing maximum indebtedness.** ORS 457 already requires that any increase in maximum indebtedness be a substantial amendment, approved in the same process as an initial urban renewal plan. An increase in maximum indebtedness

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typically means an increase in the length of an urban renewal plan. Some cities have chosen to make the process for these amendments to be even more rigorous.

- **Example:** The Harrisburg Urban Renewal Plan 2015 Amendment required any increase in the time frame of the Plan receive approval from 95% of the affected taxing districts. The amendment increased the maximum indebtedness and estimated a 22-year timeframe for accomplishing that maximum indebtedness.
- **Limit the project list.** Cities have a great deal of flexibility when determining what maximum indebtedness and project list is financially feasible when urban renewal plans are initially adopted. Cities can choose to limit the project list to only those projects that can be completed within a specified timeframe based on conservative and realistic estimates of project costs and tax increment projections. If the project list is overly ambitious, requiring a higher maximum indebtedness, it increases the necessary timeframe of the plan.
  - **Example:** the Lake Grove Village Center Urban Renewal Plan only includes improvements to Boones Ferry Road and the development of parking. While there were more potential projects identified in the planning process, the advisory committee and city council chose to scale back the list to reduce the timeframe of the urban renewal plan.
- **Use conservative and realistic financial projections.** When drafting the urban renewal plan, approaching the plan with a more conservative financial projection helps to limit the timeframe. If more tax increment is generated than expected, the urban renewal area will reach its maximum indebtedness sooner. Therefore, if projections are more conservative, there is a higher probability that the district will adhere to the desired timeframe. Many jurisdictions have included overly aggressive TIF forecasts in their plans, and did not receive the increment that was projected, resulting in the urban renewal area taking longer than expected to complete all projects. An issue with this approach is that if your projections are too conservative, the potential capacity of an urban renewal area may be left untapped. If a jurisdiction underestimates the growth within the area, that also means underestimating the maximum indebtedness capacity, resulting in fewer projects being completed.
  - **Example:** The Carlton Urban Renewal Plan (2009) used a conservative 2.75% growth rate for assessed value, which was less aggressive than they could have used. The urban renewal area has exceeded these expectations, and is currently several years ahead of schedule in terms of TIF revenue generation.
- **Specify a final expiration date for the plan.** This approach is legal, but it also is very problematic. Urban renewal plans are based on assumptions about economic factors over multiple decades. No one can accurately predict the performance of the local economy over that course of time. Putting a hard expiration date on a plan sets up an urban renewal area to fail at completing all identified projects, should economic conditions change from what was forecast in the initial plan. This has often been the case with jurisdictions that included expiration dates in their plans. A number of cities that

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included expiration dates in their plans were later forced to amend their plans to increase the timeframe.

Note that there are two types of expiration dates that can be included in urban renewal plans: a final year to spend money on projects, and a final year to receive TIF. A limit on the final year to invest in projects may be problematic for the reasons described above, but it is superior to a limit on the final year to receive TIF. When plans have identified a final year to collect TIF revenue, it makes it very difficult to obtain financing through bank loans or municipal bonds. Lenders are understandably leery about lending money to an organization that has no ability to collect revenue beyond a fixed point in time.

- **Example:** Newport Northside Urban Renewal Plan specified a time frame of 25 years for district termination. The financial projections were based on a relatively conservative growth rate and the maximum indebtedness was tied to a 23-year projection. While the consultant advised the advisory committee and city council of the potential difficulties of establishing a timeframe, it was the decision of both that establishing the timeframe was prudent for their city. This is a new urban renewal plan, adopted in 2015. Time will tell whether the limitation on the time of the district is a future impediment.
- **Prioritize projects that stimulate new taxable development.** Completing projects that are catalysts for new taxable development early in the life of the district can accelerate the pace at which TIF revenue is generated, which will reduce the necessary timeframe for the urban renewal area. Sometimes a city may decide to jumpstart the urban renewal area by committing city general fund or general obligation bond fund monies to start projects that will incentivize development. These expenditures are anticipated to be repaid when tax increment revenues are generated after new development occurs. Urban renewal is just one tool in the toolbox. Using other available funding mechanisms to help jumpstart an urban renewal area can help reduce the time frame of urban renewal.
- **Example:** The Lake Grove Village Center Urban Renewal Area in Lake Oswego is predicated on additional financial tools for project completion. The voters approved a general obligation bond to assist in funding the Boones Ferry Road reconstruction and the city has allocated general funds to use in combination with tax increment proceeds.



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **WS 2.**  
Meeting Date: December 1, 2015

To: Mayor and City Council  
Through: Bill Monahan, City Manager

Subject: **Joint Meeting – Planning Commission Work Program**

From: Dennis Egner, Planning Director

Date: November 20, 2015, for December 1, 2015 Work Session

### **ACTION REQUESTED**

Council review and comment on the draft Planning Commission work program for 2015.

### **HISTORY OF PRIOR ACTIONS**

The Planning Commission has a yearly joint meeting with the City Council to discuss the Planning Commission's work program.

On November 10, 2015, the Planning Commission discussed a draft list of projects that will require involvement from the Commission over the next year (see the attached Planning Commission staff report). The report included a list of major accomplishments for 2014/2015, a list of Council Goals for 2015/2016, and a list of planning projects. The report provided a rough estimation of Commission involvement in each of the projects.

The Planning Commission suggested two projects that they thought should be added to the overall work program. These included:

- **Downtown Parking Study** – The Commission noted a need for a parking study of the downtown given the potential development of the Texaco site.
- **House Demolition Strategy** – The Commission discussed the need to develop a strategy for dealing with requests for house demolition and site redevelopment. It was noted that many neighborhoods in Portland are undergoing a significant level of change given high numbers of tear downs.

### **BACKGROUND AND DISCUSSION**

**Work Program** - The list of projects identified in the November 10, 2015 report included both planning projects and community development projects that have a significant planning component. The key projects in the work program include:

- **Urban Renewal** – This is a Council goal. A feasibility study is underway. It is expected that a renewal plan will be developed in the first half of 2016. The Planning Commission has a formal role to review the plan and ensure that it is consistent with the Comprehensive Plan. A Planning Commissioner may be asked to serve as an advisory committee member for development of a renewal plan. *Commission involvement in 2016: moderate.*
- **Economic Opportunities Analysis** – Economic Development is a Council Goal. The City has contracted with a consultant to prepare and Economic Opportunities Analysis (EOA)

and target industry list. The EOA will be a background component for an update to the Comprehensive Plan. An ad-hoc committee will be formed to guide the development of the EOA and a Planning Commissioner will be asked to participate. *Commission involvement in 2016: moderate.*

- **Code Maintenance** – Staff has begun work on a set of code amendments to address issues and inconsistencies with the zoning code. It is expected this will involve several work sessions and require at least 1 public hearing. *Commission involvement in early 2016: high.*
- **Short Term Rentals** – Staff is crafting code amendments to provide greater flexibility for property owners who wish to rent out rooms or their entire houses through Airbnb and similar services. *Commission involvement in early 2016: high.*
- **Recreational Marijuana Regulations** – The OLCC has completed its draft rules and it is time for Milwaukie to begin work on code amendments to regulate recreational marijuana retail outlets, grow sites, wholesale operations, processing plants, and testing sites. OLCC will begin issuing state licenses next spring for grow sites. *Commission involvement in early 2016: high.*
- **North Milwaukie Industrial Area** – The City has partnered with the Clackamas County Business and Economic Development Department to develop a plan and implementation strategy for the North Milwaukie Industrial Area (NMIA), which may include amendments to the Comprehensive Plan and zoning code. The project is being funded primarily by a Metro Community Planning and Development Grant. An advisory committee will be formed for the project and it is expected that a Planning Commissioner will be asked to sit on the committee. The project is expected to be completed in early 2017. *Commission involvement in 2016: moderate (high involvement in 2017 is likely).*
- **Comprehensive Plan Update** – Staff is prepared to begin work on an update to the Comprehensive Plan. The last major rewrite of the Comprehensive Plan occurred in 1989. Staff has scheduled a December 15 work session with Council to discuss the scale and scope of this effort. The project is expected to focus on the housing and economic needs of the City and will include a significant review of existing plan policies. The project is expected to take 3 years. Staff has initiated work by contracting to have an EOA prepared. Staff intends to also contract for work on a Housing Needs Analysis (HNA) within the current fiscal year. *Commission involvement in 2016: high (A high level of involvement is expected over the next 3 years).*
- **Development Review** – The Planning Commission is responsible for reviewing type 3 and 4 development applications. With improved economic conditions in the region and the arrival of light rail, Milwaukie has had a significant increase in the number of private development applications being filed. The number of preapplication conferences has doubled over the last three years. *Commission involvement in 2016: high.*
- **Other Projects** – The Monroe Street Neighborhood Greenway and the 19<sup>th</sup> Ave/Sparrow St Neighborhood Greenway are projects that planning staff is working on but the Planning Commission role is limited. *Commission involvement in 2016: low.*

**Discussion** – The purpose of the joint meeting between the Commission and Council is to provide an opportunity for discussion and to build a mutual understanding of goals and priorities. Suggested topics for discussion include:

- **Project List** – Is the project list complete? Are there other projects that should be included or dropped?
- **Priorities** – Do the Council and Commission have the same priorities for 2016?
- **Goals** – What input does the Council want from the Commission in terms of goals and budgeting priorities for the 2016-2018 budget?

## **CONCURRENCE.**

The list of projects was reviewed by the Planning Commission at their November 10, 2015 meeting.

## **FISCAL IMPACTS.**

The work program requires a commitment of fiscal resources. The proposed budget for fiscal year 2015-16 provides budget resources to support the work program. Additional project and professional services funding will be required in the 2016-2018 budget to carry out a comprehensive plan update.

## **WORK LOAD IMPACTS**

The Planning Department will prioritize its work to support the fulfillment of City Council Goals and the Planning Commission's work to accomplish the priorities listed above. Staff work on applications and planning projects will be balanced with on-going efforts to provide timely and clear information to the public, support the overall work program and other City Council goals, and serve the City's public involvement processes.

Two projects listed above have the potential to require significant amounts of staff time. These include the North Milwaukie Industrial Area Plan and the Comprehensive Plan Update. Given all of the other work activities, it is likely that current staffing levels may need to be supplemented to conduct all of the listed projects.

## **ALTERNATIVES**

City Council and the Planning Commission may discuss inclusion of other projects, exclusion of projects listed above, and prioritization of projects in setting the Planning Commission work program.

## **ATTACHMENTS**

1. November 10, 2015 Planning Commission Staff Report



**To:** Planning Commission

**From:** Denny Egner, Planning Director

**Date:** November 3, 2015, for the November 10, 2015, Worksession

**Subject:** 2016 Planning Commission Goals and Work Program

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### **ACTION REQUESTED**

Review and comment on the draft Planning Commission work program for 2016. The Commission is scheduled to meet with City Council to discuss goals and the work program on December 15, 2015.

### **BACKGROUND INFORMATION**

The City Council and Planning Commission meet annually to discuss the Planning Commission's work program. The last joint meeting to discuss the Planning Commission work program was in February of 2014.

The Planning Commission serves the City by reviewing and advising on matters of planning and zoning, according to the provisions of the Comprehensive Plan and Zoning, Sign, and Land Division ordinances. It does this by deciding land use and development applications, developing long-range plans, and proposing updates and amendments to the Milwaukie Municipal Code and Comprehensive Plan. Planning Staff works closely with the Commission to make progress in all of these areas.

#### **A. Major Accomplishments in 2014/15**

The Planning Commission has worked on a number of significant projects since the last discussion of the Commission's work program in February of 2014. Projects included:

##### **Completed Projects**

- **Moving Forward Milwaukie** – The Planning Commission held multiple work sessions and public hearings on the following components of the Moving Forward Milwaukie Project:
  - **Downtown Plan and Code Amendments** – Adopted by Council in September 1, 2015.

- **Central Milwaukie Code and Plan Amendments** – Expected to be adopted by the Council on November 3, 2015.
- **Neighborhood Main Streets Code Amendments** – Recommended for approval by the Planning Commission and scheduled for public hearing before the Council on November 17, 2015.
- **Medical Marijuana Regulations** – The Planning Commission held work sessions and a public hearing on zoning ordinance amendments regulating medical marijuana dispensaries. The Council adopted the regulations in the spring of 2015.
- **Eating Establishments in the C-L Zone** – The Council accepted the Planning Commission recommendation to modify the C-L zone to allow eating establishments on three properties at the corner of 32<sup>nd</sup> Ave and Olsen St.
- **Development Review** – Over the past 20 months, the Planning Commission has reviewed a number of development requests including variances, community service uses, conditional use permits, Willamette greenway review, and a subdivision. Development activity has been increasing as the economy has improved.

## B. Draft Work Program for 2016

Staff has compiled the following list of tasks for discussion by the Planning Commission as it sets the 2016 Work Program.

### City Council Goals

In May of 2015, the City Council adopted the following **6 goals**:

- ***Focus community resources on all-inclusive bike, pedestrian, and street safety program;***
- ***Library expansion;***
- ***Urban renewal strategy for downtown and north industrial area;***
- ***Proactive economic development strategy;***
- ***Kellogg for Coho; and***
- ***Complete neighborhood parks and develop stronger strategy for maintenance of existing parks.***

The Council Goals require limited involvement by the Planning Commission. Each goal is addressed briefly below:

- **Bike, Pedestrian, and Street Safety** – The Engineering and Community Development staff are working with the Public Safety Advisory Committee (PSAC) to address this goal. *Commission involvement in 2016: low.*
- **Library Expansion** – A task force has been formed. Planning Commissioner Scott Barbur is involved. *Commission involvement in 2016: low.*
- **Urban Renewal** – A feasibility study is underway. It is expected that a renewal plan will be developed in the first half of 2016. The Planning Commission has a formal role to review the plan and ensure that it is consistent with the Comprehensive Plan. *Commission involvement in 2016: moderate.*

- **Economic Development** – The City has contracted with a consultant to prepare and Economic Opportunities Analysis (EOA) and target industry list. The EOA will be a background component for an update to the Comprehensive Plan. An ad-hoc committee will be formed to guide the development of the EOA and a Planning Commissioner will be asked to participate. *Commission involvement in 2016: moderate.*
- **Kellogg for Coho** – The dam removal project is on hold given funding issues related to changes needed to the McLoughlin Blvd bridge over Kellogg Lake. *Commission involvement in 2016: none.*
- **Parks** – The Planning Commission and Council recently adopted master plans for three parks. The Council and the Parks and Recreation Advisory Board are tasked with considering funding options. *Commission involvement in 2016: none.*

### **Planning and Community Development Projects**

The following projects are those that are currently being addressed by the planning staff. Some of these projects will require heavy involvement by the Planning Commission.

- **Monroe Street Neighborhood Greenway** – Council will hold a public hearing on the neighborhood greenway plan on November 3 and it is expected that staff will be directed to test traffic diversion along the greenway. This is will be a joint project of the Planning and Engineering staff. Provided there is forthcoming Council direction, staff is prepared to seeking grant funding for initial improvements. *Commission involvement in 2016: low.*
- **19<sup>th</sup> Avenue and Sparrow Street Neighborhood Greenway** – This project is also known as the 19<sup>th</sup> Ave Woonerf (a Dutch word for shared street design). The City received a grant to study options for developing a street design that will allow pedestrians, bicycles, and cars to share the 19<sup>th</sup> Ave roadway. These streets link Riverfront Park with Spring Park and the Trolley Trail. *Commission involvement in 2016: low.*
- **Code Maintenance** – Staff has begun work on a set of code amendments to address issues and inconsistencies with the zoning code. It is expected this will involve several work sessions and require at least 1 public hearing. *Commission involvement in 2016: high.*
- **Short Term Rentals** – Staff is crafting code amendments to provide greater flexibility for property owners who wish to rent out rooms or their entire houses through Airbnb and similar services. *Commission involvement in 2016: high.*
- **Recreational Marijuana Regulations** – The OLCC has completed its draft rules and it is time for Milwaukie to begin work on code amendments to regulate recreational marijuana retail outlets, grow sites, wholesale operations, processing plants, and testing sites. OLCC will begin issuing state licenses next spring for grow sites. *Commission involvement in 2016: high.*
- **North Milwaukie Industrial Area** – The City has partnered with the Clackamas County Business and Economic Development Department to develop a plan and implementation strategy for the North Milwaukie Industrial Area (NMIA), which may include amendments to the Comprehensive Plan and zoning code. The project is being funded primarily by a Metro Community Planning and Development Grant. An advisory committee will be formed for the project and it is expected that a Planning Commissioner will be asked to sit on the committee. The project is expected to be

completed in early 2017. *Commission involvement in 2016: moderate (high involvement in 2017 is likely).*

- **Comprehensive Plan Update** – Staff is prepared to begin work on an update to the Comprehensive Plan. The last major rewrite of the Comprehensive Plan occurred in 1989. Staff has scheduled a December 15 work session with Council to discuss the scale and scope of this effort. The project is expected to focus on the housing and economic needs of the City and will include a significant review of existing plan policies. The project is expected to take 3 years. Staff has initiated work by contracting to have an EOA prepared. Staff intends to also contract for work on a Housing Needs Analysis (HNA) within the current fiscal year. *Commission involvement in 2016: high (A high level of involvement is expected over the next 3 years).*

### C. Planning Commission Discussion

At the November 10, 2015, meeting, staff seeks the Planning Commission's input regarding the draft 2016 work program prior to the Commission discussion with City Council on December 1, 2015. Staff believes that the Comprehensive Plan update project will require a significant amount of attention from the Planning Commission during this work planning period but there will be time for additional projects. Planning Commission, in consultation with City Council, will need to prioritize which projects will receive attention. Suggested points for discussion at the November 10 meeting include:

- Are there questions or clarifications needed regarding any of the projects listed above?
- Are there other projects that you would add for consideration in the work program?
- How should projects be prioritized?
- What questions does the Commission have about the Planning Commission's involvement with City Council goals or initiatives?