



Work Session

WS

Milwaukie City Council



MINUTES
MILWAUKIE CITY COUNCIL
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WORK SESSION
APRIL 5, 2016
City Hall Conference Room

Mayor Mark Gamba called the Work Session to order at 4:02 p.m.

Council Present: Council President Lisa Batey and Councilors Scott Churchill, Wilda Parks, and Karin Power

Staff Present: City Manager Bill Monahan, City Recorder Pat DuVal, Assistant to the City Manager Mitch Nieman, Community Development Director Alma Flores, Engineering Director Chuck Eaton, Public Works Director Gary Parkin, and City Attorney Peter Watts.

City Manager's Report

Mr. Monahan reported there was no executive session and no audience participation report for March 15, 2016. The group discussed the retention period for City Council emails in the City's electronic records management system, and they felt 25 years was sufficient. The Department of Environmental (DEQ) report was scheduled for the April 19, 2016, regular session, and Mr. Monahan discussed a possible tour of Precision Castparts Corp. (PCC) on April 25 or 26.

Downtown Milwaukie Business Association (DMBA) Quarterly Update

DMBA President **Kelli Keehner** provided the organization's first quarterly report. The DMBA set goals in January and established that Alma Flores and Vera Koliias would be the City partners and attend the monthly Association meetings. The DMBA was working on a downtown beautification project that initially included planters, trash cans, and banners. Downtown business owners will be asked to participate in funding, outreach, and maintenance. She discussed the creation of a team of downtown ambassadors in order to help enhance communications.

Councilor Power asked if there was a mechanism that could help with the business registration piece. **Ms. Flores** discussed the current process, and **Ms. Keehner** made some suggestions for improvements.

Ms. Keehner explained that along with downtown cleanup, another aggressive goal of the DMBA was to develop a walking map that focused on the downtown corridors. She also discussed the decision to keep the DMBA in the core area of downtown in order to refine the process and then branch out from there.

Ms. Flores discussed the wayfinding project that included a mobile app.

Councilor Power endorsed the DMBA's efforts.

Ms. Keehner discussed the concept of forming an events committee to bring people into downtown Milwaukie and help generate sales. The committee was looking at a fall activity centered on sustainability, locally grown produce, and local artists. She also discussed making businesses more active in First Fridays. She reported that businesses were excited about the wayfinding project. She discussed recognizing business anniversaries and holding ribbon cuttings for new businesses.

Fee in Lieu of Construction (FILOC) Update

Mr. Eaton provided updated information on the proposed code amendments that included removing the 10-year timeframe and the addition of a 1,000 foot distance from the development. He discussed sections D and E which had to do with proportionality rules that would allow the City to receive funds rather than construct part of an improvement. He explained the proportionality issue was becoming more common.

The group discussed improvements and parking at 19th Avenue and Sparrow Street. **Council President Batey** felt Milwaukie had historically asked for too little and was not collecting enough. **Mr. Eaton** discussed the fees, and explained that FILOCs were only collected for transportation and not, for example, water lines. **Mayor Gamba** liked the flat fee per linear foot recently adopted by Portland but wondered if that solved the proportionality issue.

Mr. Watts said the question was whether the fee in lieu was roughly proportional to the benefit. He explained the background of the City of Portland example, and believed that since in that case the Home Builders Association (HBA) signed off on it that the \$600 per linear foot was fair.

Council President Batey discussed the Portland HBA example, and reported it was purposefully not called FILOC, but rather a transportation infrastructure charge.

Mr. Watts discussed Nollan/Dolan and other court decisions. **Mayor Gamba** commented on partitions and the size of subdivisions.

Mr. Watts discussed infill scenarios including sidewalk and undergrounding utilities.

Council President Batey supported going ahead and making the initial changes while looking at the fees. She felt sections D and E and required more discussion.

Consensus supported what **Mr. Eaton** presented, and directed him to bring it to a regular session discussion.

Councilor Churchill wanted **Mr. Eaton** to take a look at \$600 per linear foot to see if it made sense in Milwaukie. He suggested looking into applicability to commercial.

Mr. Eaton summed up that Council was looking at a separate resolution for fee establishment, and items D and E would be left in until deliberations during a City Council Regular Session.

Wastewater Treatment Issues

Mr. Parkin introduced the topic. The Kellogg Treatment Plant was constructed in the 1970s. Beginning in 2008, the City and the County had a series of agreements as a wholesale customer with fees calculated on flow and infrastructure costs. As the plant reached end of life, the City started looking at moving to the TriCity Wastewater Treatment Plant, but that did not prove to be feasible. A series of pump stations were installed to bring the flow from Happy Valley as it continued to develop. An agreement was signed in 2012 that resolved some of the issues. **Mr. Parkin** discussed the cost per equivalent dwelling unit (EDU) that did not distinguish between residential and commercial.

Councilor Power explained the Portland State University (PSU) growth forecast was not reflective of what was being seen on the ground, and there was a significant treatment capacity issue. The growth was converging with significantly deferred public infrastructure maintenance. She provided an update on the Regional Committee and RiverHealth Committee. The Regional Committee was meeting without Commissioner Savas, as he believed the districts should be merged with a citizen's advisory committee. John Ludlow was the new representative appointed to the two committees. She reported that she was appointed Chair of the Regional Committee.

The group discussed the solids handling capacity. **Council President Batey** discussed subsidizing growth east of I-205. **Councilor Churchill** agreed and discussed deferred maintenance. **Councilor Power** commented on the difficulty of figuring out specific loads.

Mr. Watts understood the TriCity capacity was seriously over-estimated and system development charges (SDCs) were under calculated. He noted regional growth assumptions were off.

Councilor Power discussed the rationale for not having a board made up of elected officials. She reported that the committee had a valuable discussion about growth projections. She reported that odor control had been moved up to the highest priority project and should be done by 2017.

Mr. Parkin would bring the Citizens Utility Advisory Board (CUAB) to the second meeting in June. **Councilor Power** felt the City should weigh in on sewer SDCs as well.

Bulky Waste Collection Day

Mr. Nieman provided options for the event and explained it was more cost effective if the event was on a hauler's regular collection day. The first decision was if it would be a one day event or scheduled to coincide with the haulers' collection dates. He did not have the costs at this time.

Council President Batey envisioned a one day event, which would be easier to promote. **Mr. Nieman** discussed promotion of the event, and noted the City was depending on the haulers to promote the event in their bills.

The group discussed promotion and concerns about people who lived outside city limits.

Mr. Nieman explained how the costs would be calculated; Council had previously agreed to roll costs into customer rates.

It was consensus to have a standalone collection day in September.

Mr. Nieman reported Metro had a hazardous waste event scheduled for September 10.

Mayor Gamba adjourned the Work Session at 6:00 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: April 1, 2016
Re: Community Development Department Projects - City Council Update for April 5, 2016, Work Session

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/Target Industry/ED Strategy
- Partnerships
- Grants
- Tools and Incentives/Business Workshops
- Parklets
- Wayfinding Systems Plan—Downtown

Engineering

- Riverfront Park (Bridge 22142)
- 17th Avenue Multi-Use Trail
- Meek Street Storm System Improvements
- ADA Ramp Improvements

Planning

- Annexations
- Visioning and Comprehensive Plan Update
- Land Use and Development Review
- Monroe Street Neighborhood Greenway
- 19th Avenue & Sparrow Street Greenway
- Regional Planning Meetings

Building

- No update

Community Development/Economic Development

Triangle Site RFQ for a Food Cart Pod

- The food cart management contract is being negotiated at this time. The management entity is exploring the infrastructure costs for bringing potable water and electricity to the site. They would need to contract for grey water removal and porta-potty maintenance in addition to supplying trash receptacles/recycling options, and seating areas. After a more des

City Block 14 and Cash Spot Site

- The City is conducting a few due diligence items before RFPs are issued. A natural resource assessment for the Cash Spot is occurring over the next month and the Community Development department has received a Brownfields Redevelopment Assessment grant under Business Oregon to fund Phase 1 and Phase 2 assessments of both sites. As for City Block 14, an updated Intergovernmental Agreement between the City and Metro is underway.

Urban Renewal Planning

- The next meeting of the Milwaukie Urban Renewal Advisory Group is scheduled for April 20 from 4:30 to 6:30 PM at the Public Safety Building (PSB). The Advisory Group will be discussing the financial structure. An Urban Renewal Open House will be held immediately following from 6:30-8 at the PSB.

Economic Opportunities Analysis/Target Industry/Economic Development Strategy

- The analysis work is underway with Johnson Economics. The first draft of task 1 has been received. A Technical Advisory Group (TAG) has been formed to help review the products of the plan. The TAG includes local, County, and regional economic development professionals. The first meeting of the TAG was held on

Tuesday, February 2nd. A subsequent meeting is tentatively being considered for late March. The final Economic Trends and Target Industry Analysis (Phase 1) is expected to be presented to council in May.

Grants

- The Community Development department received a Business Oregon grant from the Brownfields Redevelopment Assessment grant program to fund Phase 1 and Phase 2 assessments on the Cash Spot and City Block 14 (formerly known as the Texaco site/city owned site). The application requested \$30,000 per site.

Wayfinding Systems Plan—Downtown

- Staff met with Sea Reach, Ltd., the consultants who will be working on the Downtown Wayfinding Systems Plan, to finalize the specific task list and discuss a preliminary schedule of public outreach meetings. Staff has tentatively scheduled a Council study session item on April 21st to discuss wayfinding as well as a public event that same week.

Engineering

Riverfront Park (Bridge 22142)

- Construction currently in progress. Embankment has been stabilized below the water and work is proceeding on rebuilding the Roadway. Anticipate completion by the end of next week. Work is proceeding on the RFP for the bridge replacement. Clackamas County has received a FEMA declaration so some funding will be available to offset the replacement work.

17th Avenue Multi-Use Trail

- Notice to proceed has been issued. PGE and CenturyLink have relocated their facilities, Comcast relocation is pending. The trail contractor is anticipated to begin in April.

Meek Street Storm Improvements

- Storm line work is complete.

Planning

Visioning and Comprehensive Plan Update

- Planning Department staff is currently preparing a RFP for consultant help to develop a community vision, which is expected to be released in April. Planning staff will be coordinating with the City Manager's Office to discuss outreach opportunities for the visioning effort and will soon begin recruiting for a Steering Committee (including representation from the City Council) and an Advisory Committee (made up primarily of city residents).
- A contract with Angelo Planning Group to complete the Housing Needs Analysis (HNA) was signed and finalized on March 29, and they have begun their work. Staff has assembled a Housing Technical Advisory Group (TAG) to review work products and guide future policy development. TAG members include Mayor Gamba, Councilor Power, Planning Commissioner Abma, local developers and housing advocates, and representatives from several local and state agencies.

Land Use and Development Review

- Planning Commission:
 - On March 22, the Commission approved, with conditions, an application for a conditional use and community service use application to allow Northwest Housing Alternatives to redevelop their site on Willard St with a new office building, a shelter facility, and 28 apartments (the apartments are subject to a separate Type I development review).
 - The April 12 meeting has been cancelled.
 - The April 26 meeting will include a public hearing for a two-lot partition and variance to the rear yard setback at 10722 SE 55th Avenue.
- Land Use Applications¹:
 - WG-2016-001 (Type III) = Willamette Greenway review for 11906 SE 19th Ave (new detached garage) – under review for completeness
 - CU-2016-001 (Type III) = Conditional Use review for 5945 & 5965 SE Harmony Rd (proposed self-storage facility, with natural resource review, transportation facility review, and variance request for front yard setback)
 - Expedited annexations at 9404 SE Stanley Ave (A-2016-001, to Council on April 19) and 4425 SE Johnson Creek Blvd (A-2016-002, no Council date set)

¹ Only those land use applications requiring public notice are listed here.

19th Avenue & Sparrow Street Greenway

- A public meeting to present the final proposed design is scheduled for April 13 (6:30pm to 8:00pm at Milwaukie Grange in Island Station). Notice was mailed to all residents and owners in the neighborhood.

Regional Planning Meetings

- The next Metro Technical Advisory Committee is scheduled to meet on March 23.

Building

- No update.



MILWAUKIE CITY COUNCIL
WORK SESSION

City Hall Conference Room
10722 SE Main Street
www.milwaukieoregon.gov

REVISED AGENDA
APRIL 5, 2016

(1st Revision April 1, 2016)
(2nd Revision April 5, 2016)

A light dinner will be served.

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4:00 p.m. EXECUTIVE SESSION (Cancelled April 5, 2016)

The City Council will meet in Executive Session pursuant to Oregon Revised Statute (ORS) 192.660(2)(h) to consult with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

1. **4:00 p.m. City Manager's Report** (Added to the Agenda on April 5, 2016)
Staff: Bill Monahan, City Manager
2. **4:15 p.m. Downtown Milwaukie Business Association (DMBA) Quarterly Update** 1
Presenters: Kelli Keehner, DMBA President
Alma Flores, Community Development Director
3. **4:35 p.m. Street Surface Maintenance Program (SSMP) and Fee in Lieu of Construction (FILOC) Update** 3
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(SSMP moved to the April 5, 2016, Regular Session Agenda on April 1, 2016)
Staff: Chuck Eaton, Engineering Director
4. **5:00 p.m. Wastewater Treatment Issues** 15
Staff: Gary Parkin, Public Works Director
5. **5:30 p.m. Bulky Waste Collection Day**
Staff: Mitch Nieman, Assistant to the City Manager
6. **5:45 p.m. Adjourn**

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

Agenda Item: **WS 1.**
Meeting Date: **April 5, 2016**

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

Subject: **Downtown Milwaukie Business Association (DMBA)
2016 Quarterly Report to Council**
From: Alma Flores
Date: March 28, 2016

ACTION REQUESTED

Listen to the 1st Quarter report in 2016 from Kelli Keehner, Chair of the Downtown Milwaukie Business Association (DMBA).

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

The city has not had any prior quarterly discussions with the DMBA. However, the city had established a Main Street Milwaukie program that is a volunteer-driven, grassroots economic development program focused on downtown Milwaukie.

The City of Milwaukie assisted downtown businesses, property owners, and interested residents to initiate the “Main Street Milwaukie” program (with help from the Clackamas County Main Street Program and the State of Oregon).

The Milwaukie Main Street area included all businesses located between Hwy 224 to the north, the railroad right-of-way to the east, Adams St to the south, and McLoughlin Blvd to the west.

The Main Street Approach™

The Main Street Approach™ was developed by the National Trust for Historic Preservation, and is a proven comprehensive approach to downtown commercial district revitalization. This approach has been implemented in over 1,800 cities and towns in 45 states across the nation with the help of the National Main Street Center and statewide downtown revitalization programs. The success of the Main Street Approach™ is based on its comprehensive nature. Main Street groups organize their work around four areas, or “committees”:

- The Organization Committee focuses on the structure of the Milwaukie Main Street organization and resource development.
- The Design Committee is dedicated to improving the physical appearance of downtown Milwaukie.
- The Economic Vitality Committee focuses on identifying and supporting business opportunities.
- The Promotions Committee is devoted to promoting the downtown and related businesses.

The city could decide to leverage this program to assist the DMBA through its efforts in the long term.

BACKGROUND

The DMBA is a local 501c3 (non-profit) made up of volunteers and small business owners dedicated to the growth, energy, and heart of the Downtown Milwaukie Business District.

CONCURRENCE

Community Development Director and City Manager concur with this report.

FISCAL IMPACTS

None

WORK LOAD IMPACTS

The economic development division of the Community Development department and the city manager's office offer staff time to help coordinate events, permitting, and technical assistance, when necessary.

ALTERNATIVES

None

ATTACHMENTS

None



CITY COUNCIL

APRIL 5TH, 2016

WELCOME TO 2016 & The New Season of Sales and promotion of Milwaukie

What is the DMBA and what we will work on accomplishing in 2016?

OUR MISSION is promote business in the Downtown of Milwaukie. To support our members & partners in achieving goals of success and fun that create a vibrant and active Downtown for our community and guests of Milwaukie.

GOALS.PLANS.DEVELOPMENT.MARKETING.PARTNERSHIPS

CITY PARTNER INTRODUCTION: Alma Flores & Vera Kolia

2016 GOALS FOR DMBA

- **Downtown Beautification**, this will include a planter program, trash cans, and banners to start. It will be a large project to take on, to include the ongoing maintenance of all of the hard work/standards and help each other to accomplish and maintain. We will be asking the businesses to participate in funding, feet on the street, maintenance, along with resources from the city for installation and possibly some funding. The goal of installation is spring 2016
- **Earth Day Event/Clean Streets/First Friday Coffee & Clean-up**, April 23rd is the Earth Day event in Milwaukie, of which we will host the “big clean” of Downtown Milwaukie. A second date will be announced in the Fall for a Holiday preparation of the city, hoping to partner with the Milwaukie Rotary. The First Friday of every month will be “Coffee & Clean-up” each First Friday grab a cup a coffee, head out in front of your business and give it a great freshen up, while saying hello to your neighbors.
- **Ambassadors**: We have set up a team of ambassadors who recently have started the one on one business connections in each of their areas, hoping to reach those businesses we don't have contact info for, and including them in the participation of the marketing and events in Downtown Milwaukie
- **Developing a Downtown Map**: We are aggressively acting on creating a downtown shopping/walking map of our downtown area
- **Events Committee**: DMBA is exploring hosting a downtown centric event. We have agreed to one in the fall, and possibly the addition of others based on interest from the businesses. They will work closely with Jason Wachs.



CITY COUNCIL

APRIL 5th, 2016

2016 GOALS FOR DMBA

- **Events Committee:** DMBA is exploring hosting a downtown centric event. We have agreed to one in the fall, and possibly the addition of others based on interest from the businesses. This event would be in addition to participation in the Thanksgiving Farmers Market, Umbrella Parade, etc. The vision for fall would be a city wide Gardening event to include artists, gardeners, musicians, farmers, nurseries, vintage/antiques, local food, OHSU Master Gardeners, sustainability team from the City, community, gardens, schools...etc.
- **First Friday,** Begins in May and ends in October....just a reminder that the July event is actually the 2nd Friday in July (4th of July). We have chosen themes as an example for May/"Meet the Makers & Creators" There is a tremendous effort to have more participation throughout the downtown area with all of the businesses.
- **Wayfinding:** Working with Community Development regarding. It is a critical need in our Downtown and the businesses would like to have a voice in the program
- **Trimet:** Insuring that there is a marketing partnership, to date this business community has not been included
- **Honorable Mentions:** Anniversary Program to recognize the businesses each year, openings of new businesses, celebrate the heart/passion/success of our business community. Exploring what that program will look like. Communication with our city partners to insure that the voice of the businesses are heard in partnership with the residents/guests/community which is the intention of the check-ins, City Council and work with Community Development. How can I help? Our belief is an approach of working on projects together from the beginning as opposed to regulatory/enforcement more partnering together and the human element will create success while improving our communication, participation, of which we believe will go a long way to removing the barriers of what the *past* reasons were for not accomplishing.

PS: The FACEBOOK page is up and running!!! Make sure to "LIKE" us!

(Downtown Milwaukie Business Association)



MILWAUKIE CITY COUNCIL
STAFF REPORT

[Staff Report Moved]

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

Subject: **SSMP Annual Report**

From: Charles Eaton

Date: March 25, 2016
(Removed April 1, 2016)

NOTICE:

This Staff Report has been removed from this packet and posted in the April 5, 2016, Regular Session packet.



MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **WS 2. B.**
Meeting Date: **April 5, 2016**

To: Mayor and City Council
Through: Bill Monahan, City Manager
Subject: **FILOC Ordinance Review**
From: Charles Eaton
Date: March 28, 2016

ACTION REQUESTED

Review, comment and provide direction on draft ordinance revisions.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

March 1, 2016: Staff presented draft revisions to the FILOC (Fee in Lieu of Construction) ordinance for review. Several specific items were discussed and staff was directed to draft additional language for the FILOC ordinance.

February 2, 2016: Staff met with City Council to discuss the interpretation being used by staff for the administration of FILOC funds in accordance with MMC 19.706

BACKGROUND

As part of the staff report for the March 1st City Council Work Sessions staff outlined two changes to the FILOC Ordinance. The ordinance was rewritten into chapter 13 and the restriction for use on transportation facilities only was removed.

As part of the FILOC discussion, three additional areas within the existing ordinance were discussed: the 10 year time frame limitation; the restriction to use of the funds within the NDA received; and to expand the ability to qualify for the FILOC program.

Staff was directed to draft additional FILOC language to eliminate the 10 year time frame limitation, add an additional allowance for use of the funds that benefit the development, and develop possible additional conditions for allowance FILOC.

CONCURRENCE

The Planning Director concurs with these revisions

FISCAL IMPACTS

No additional Impacts proposed.

WORK LOAD IMPACTS

Some additional staff time for the accounting of FILOC funds due to the need to separate utilities.

ALTERNATIVES

Make only some or none of the proposed changes to the FILOC program.

ATTACHMENTS

1. FILOC Proposed Ordinance Revisions

19.706.13.32 FEE IN LIEU OF CONSTRUCTION

13.32.010 PURPOSE

If ~~transportation~~ facility improvements are required ~~and determined to be proportional~~, the City will require construction of the improvements at the time of development. However, the applicant may request to pay a fee in lieu of constructing the required ~~transportation~~ facility improvements determined to be proportional. The fee in lieu of construction (FILOC) program ensures that opportunities to improve public ~~transportation~~ facilities are maximized and that the goals and requirements of ~~this chapter the City of Milwaukie~~ are met. This section provides criteria for making FILOC determinations and administering the FILOC program.

19.706.113.32.020 FILOC Criteria

The City may accept a fee in lieu of construction of required ~~transportation~~ facility improvements if one or more of the following conditions exist.

- A. Required improvements are not feasible due to the inability to achieve proper design standards.
- B. Required improvements would create a safety hazard.
- C. Required improvements are part of a larger approved capital improvement project that is listed as a funded project in the City's Capital Improvement Program (CIP) ~~and is scheduled for construction within 3 years of the City's approval of the proposed development~~.
- D. Required improvements would create a situation that would not comply with City standards without extensive additional offsite improvements.
- E. Required improvements are less than needed to meet City standards due to the City's inability to require full improvements based on proportionality requirements ~~on the development~~.

19.706.213.32.030 FILOC Findings

If the Engineering Director determines that a fee in lieu of construction satisfies one of the criteria in Subsection ~~19.706.113.32.020~~ above, the City ~~will may~~ accept a fee in lieu of construction upon the Engineering Director finding that deferring construction of ~~transportation~~ facility improvements will not result in any safety hazards ~~or and is not necessary for the development~~. If the Engineering Director cannot make such a finding, then the City will not accept a fee and ~~will shall~~ require construction of the improvements. The Engineering Director has sole ~~determination on~~ discretion as to what improvements constitutes a safety hazard or ~~is are~~ necessary for the development.

19.706.313.32.040 FILOC Fees

If determined by the Engineering Director that required ~~transportation~~ facility improvements are eligible for FILOC, the applicant shall pay to the City an amount equal to the estimated cost to construct the required improvements. The amount of the fee shall be determined by the Engineering Director and shall be based on ~~the average~~ itemized bid prices ~~cost of the most~~

~~recent~~ capital improvement projects ~~s-itemized bid prices~~. All fees shall be paid to the City prior to the issuance of any development ~~and/or building~~ permits.

A. If ~~full transportation facility improvements have been assessed with~~ previous development(s) on the ~~development subject~~ property ~~have resulted in the full construction of facility improvements or payment of FILOC fees~~ and the proposed development has additional impacts, the City may only assess additional FILOC fees when there has been a change to the City's ~~street~~ design standards.

B. If ~~partial transportation facility improvements have been assessed with~~ previous development(s) on the ~~development subject~~ property ~~have resulted in the partial construction of facility improvements or payment of FILOC fees~~ and the proposed development has additional impacts, the City may assess additional FILOC fees for the balance of the improvements ~~to bring the facilities into compliance with the City's current design standards~~.

~~19.706.413.32.050~~ FILOC Administration

Fees collected by the City may be used to construct public ~~transportation~~ facility improvements or to leverage additional grant money for larger ~~transportation~~ facility improvement projects. An accounting of fees collected and expended will be made available by the City to the public on an annual basis at the end of the fiscal year. Expenditure of fees is subject to the following:

A. Fees shall be used for construction of public ~~transportation~~ facility improvement projects that benefit the development site, ~~and that~~ are within the same Neighborhood District Association (NDA) boundary, ~~or are within 1000 feet of~~ ~~as~~ the development site, with the following two exceptions.

1. For development within a downtown zone, fees shall be used for construction of ~~transportation~~ facility improvements that benefit the development site, ~~and~~ are within one or more of the downtown zones, ~~or are within 1000 feet of the development~~.

2. For development within the Historic Milwaukie NDA and not within a downtown zone, fees shall be used for construction of ~~transportation~~ facility improvements that benefit the development site, ~~and that~~ are within the Historic Milwaukie NDA and not within a downtown zone, ~~or are within 1000 feet of the development~~. Fees collected in the Historic Milwaukie NDA may be spent in one or more of the downtown zones with the approval of the Historic Milwaukie NDA.

~~B. Fees shall be used committed within 10 years of the date on which they were collected. Fees that have not been used committed within 10 years of collection will be returned to the owner of the development property at the time the refund is issued. For purposes of this subsection, a fee is committed when it is spent or obligated to any budgeted project as matching funds or otherwise.~~

CB. Staff shall identify the ~~transportation~~ facility improvement projects that meet the requirement of benefiting the development site as defined in ~~per~~ Subsection ~~19.706.413.32.050.A and that can be constructed committed within the 10 year time period per Subsection 19.706.4.B.~~ Staff shall coordinate with the neighborhood district associations to prioritize the project lists for each neighborhood.

C. Fees will be kept separately between facility types (Water, Sewer, Storm, Streets, Parks, etc.) and utilized on like facility improvements for which they were received.

13.32 FEE IN LIEU OF CONSTRUCTION

13.32.010 PURPOSE

If facility improvements are required, the City will require construction of the improvements at the time of development. However, the applicant may request to pay a fee in lieu of constructing the required facility improvements determined to be proportional. The fee in lieu of construction (FILOC) program ensures that opportunities to improve public facilities are maximized and that the goals and requirements of the City of Milwaukie are met. This section provides criteria for making FILOC determinations and administering the FILOC program.

13.32.020 Criteria

The City may accept a fee in lieu of construction of required facility improvements if one or more of the following conditions exist.

- A. Required improvements are not feasible due to the inability to achieve proper design standards.
- B. Required improvements would create a safety hazard.
- C. Required improvements are part of a larger approved capital improvement project that is listed as a funded project in the City's Capital Improvement Program (CIP).
- D. Required improvements would create a situation that would not comply with City standards without extensive additional offsite improvements.
- E. Required improvements are less than needed to meet City standards due to the City's inability to require full improvements based on proportionality requirements on the development.

13.32.030 Findings

If the Engineering Director determines that a fee in lieu of construction satisfies one of the criteria in Subsection 13.32.020 above, the City may accept a fee in lieu of construction upon the Engineering Director finding that deferring construction of facility improvements will not result in any safety hazards and is not necessary for the development. If the Engineering Director cannot make such a finding, then the City will not accept a fee and shall require construction of the improvements. The Engineering Director has sole discretion as to what improvements constitute a safety hazard or are necessary for the development.

13.32.040 Fees

If determined by the Engineering Director that required facility improvements are eligible for FILOC, the applicant shall pay to the City an amount equal to the estimated cost to construct the required improvements. The amount of the fee shall be determined by the Engineering Director and shall be based on average itemized bid prices of capital improvement projects. All fees shall be paid to the City prior to the issuance of any development or building permits.

- A. If previous development(s) on the subject property have resulted in the full construction of facility improvements or payment of FILOC fees and the proposed

development has additional impacts, the City may only assess additional FILOC fees when there has been a change to the City's design standards.

B. If previous development(s) on the subject property have resulted in the partial construction of facility improvements or payment of FILOC fees and the proposed development has additional impacts, the City may assess additional FILOC fees for the balance of the improvements to bring the facilities into compliance with the City's current design standards.**13.32.050 Administration**

Fees collected by the City may be used to construct public facility improvements or to leverage additional grant money for larger facility improvement projects. An accounting of fees collected and expended will be made available by the City to the public on an annual basis at the end of the fiscal year. Expenditure of fees is subject to the following:

A. Fees shall be used for construction of public facility improvement projects that benefit the development site, are within the same Neighborhood District Association (NDA) boundary, or are within 1000 feet of the development site, with the following two exceptions.

1. For development within a downtown zone, fees shall be used for construction of facility improvements that benefit the development site, are within one or more of the downtown zones, or are within 1000 feet of the development.

2. For development within the Historic Milwaukie NDA and not within a downtown zone, fees shall be used for construction of facility improvements that benefit the development site, are within the Historic Milwaukie NDA and not within a downtown zone, or are within 1000 feet of the development. Fees collected in the Historic Milwaukie NDA may be spent in one or more of the downtown zones with the approval of the Historic Milwaukie NDA.

B. Staff shall identify the facility improvement projects that meet the requirement of benefiting the development site as defined in Subsection 13.32.050.A. Staff shall coordinate with the neighborhood district associations to prioritize the project lists for each neighborhood.

C. Fees will be kept separately between facility types (Water, Sewer, Storm, Streets, Parks, etc.) and utilized on like facility improvements for which they were received.



MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **WS 3.**
Meeting Date: **April 5, 2016**

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

Subject: **Wastewater Treatment Issues**

From: Gary Parkin, Public Works Director

Date: March 28, 2016

ACTION REQUESTED

This report is informational with no specific action requested

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

December 4, 2012: City Council approved entering into an Intergovernmental Agreement (IGA) with Clackamas County Service District #1 (CCSD#1) for the provision of wastewater treatment services.

BACKGROUND

The City has been a wholesale customer of CCSD#1 since 1970 and has received treatment services from CCSD#1 since 1972. Treatment services are provided at the Kellogg Creek Water Pollution Control Plant located in the City. Over the past 40 years, the City and CCSD#1 modified the terms of the treatment agreement several times.

Beginning in 2008, the City and CCSD#1 were engaged in discussions about a proposed new rate collection methodology and related issues. Discussions culminated in December 2012 with the adoption of the IGA referenced above.

In addition to providing terms of the services provided by CCSD#1, a district fund was established for the duration of the agreement with a monthly deposit of the equivalent of \$1 per EDU of the city's connections into a Good Neighbor Fund. The Fund is used by the City to mitigate the impact of the Kellogg Plant on the surrounding neighborhoods. CCSD#1 also contributed \$1 million as seed funding to the Good Neighbor Fund for initial odor control improvements at or around the Kellogg Plant, to be used in a manner determined by the City.

Two committees were formed in 2008 as advisory bodies to the Board of County Commissioners (BCC). The RiverHealth Advisory Board serves the CCSD#1 with district members from unincorporated areas, Milwaukie, Happy Valley and Damascus. The RiverHealth Advisory Board is a citizen advisory board that makes recommendations to the BCC on wastewater and surface water policy, budget and issues affecting District customers. Councilor Power is the City's Board member.

The Regional Wastewater Treatment Capacity Advisory Committee was created by the Board of County Commissioners on January 2, 2008, initially as a task force with a purpose to facilitate discussions between all wastewater service providers in urbanized Clackamas County to explore the formation of a collaborative partnership to capture the financial benefits of the economies of scale inherent in large capital investments. The collaboration includes the cities of Milwaukie, Gladstone, Happy Valley, Oregon City and West Linn and those portions of unincorporated Clackamas County within CCSD#1. Councilor Power was elected Chair at the February 29, 2016 meeting.

The RiverHealth Board is reviewing budget issues and the status of capital projects for CCSD#1. Issues for the Committee are related to treatment capacity for CCSD#1. The Committee has supported the City's promotion of work on odor reducing projects at the Kellogg Treatment Plant.

Issues with the Kellogg Treatment Plant are related to its age and the need to repair and replace every major process. A multi-year effort is underway that addresses everything from the head works to the outfall.

The Regional Wastewater Treatment Capacity Advisory Committee has focused on how to work with equity, fairness, and governance of a potential partnership. It has been difficult to resolve issues of ownership between the two districts and treatment plants.

Specific wastewater treatment issues are related to the accelerated population growth in the County and delayed investment in solids capacity at the Tri-Cities treatment plant. The Tri-Cities treatment plant is nearing capacity with their digesters and looking at a number of short-term operating strategies to manage the risk of potential digester failure. The Regional Wastewater Treatment Capacity Advisory Committee has been meeting for slightly more than a year and not yet arrived at a recommended permanent treatment solution.

Water Environment Services (WES) has an engineering consultant working on their solids handling project to address the lack of capacity at the Tri-Cities plant. A Solids Handling Improvement Project; Screening Technologies Workshop was held on March 10, 2016 to look at alternatives for screening as part of solids handling. Engineers from CH2M and other engineering firms as well as engineers and operators from WES were present. The goal of the workshop was to look at which technologies were the best alternatives for sludge stabilization and dewatering and determine which technologies to carry forward for a more detailed evaluation as the project moves to construction.

The need to immediately expand wastewater treatment will impact rates. Recent projections provided by WES staff show the original master plan rates increasing at a steady amount in the 10-year period through 2024 – about 6% per year ending 61% higher. The accelerated master plan to meet the growth needs of the region shows the rates beginning at the same point and ending nearly the same at 66% higher. However the accelerated rates have a steep increase of 33% in 2017 (about a 23% increase from the current treatment rate).

CONCURRENCE

N/A

FISCAL IMPACTS

The cost to treat wastewater is increasing and will have an effect on the City's wastewater rate. Treatment costs account for 64% of expenditures in 2015. An increase in the treatment costs of 23% would likely result in an increase of 10% or more. The precise effect has not been determined although the Citizen's Utility Advisory Board believes that with current reserves within the Wastewater fund, present action is not needed.

WORK LOAD IMPACTS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

None.