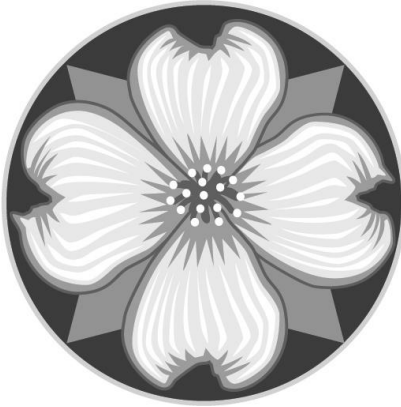




Work Session

WS

Milwaukie City Council

COUNCIL WORK SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

REVISED AGENDA

FEBRUARY 21, 2023

(Revised February 17, 2023)

Council will hold this meeting in-person and through video conference. The public may attend the meeting by coming to City Hall or joining the Zoom webinar, or watch the meeting on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. **For Zoom login** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-work-session-318>.

To participate in this meeting by phone dial 1-253-215-8782 and enter Webinar ID 847 1299 8920 and Passcode: 331507. To raise hand by phone dial *9.

Written comments may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov. Council may take limited verbal comments.

Note: agenda item times are estimates and are subject to change.

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| 1. Coho Point at Kellogg Creek Update – Discussion (4:00 p.m.) | 11 |
| Staff: Joseph Briglio, Community Development Director, and
Mandy Byrd, Development Project Manager | |
| 2. Psilocybin Code Amendments – Discussion (5:00 p.m.) | 13 |
| Staff: Joseph Briglio, Community Development Director,
Laura Weigel, Planning Manager, and
Vera Kolas, Senior Planner | |
| 3. Adjourn (5:30 p.m.) | |

Executive Session

After the work session Council will meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(f) to consider information or records that are exempt by law from public inspection. (Added to the agenda)

Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on or otherwise disclose any of the deliberations or anything said about these subjects during the executive session, except to state the general subject of the session as previously announced. No decision may be made in executive session. At the end of the executive session, we will return to open session and welcome the audience back into the room.

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



COUNCIL WORK SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

FEBRUARY 21, 2023

Council Present: Councilors Robert Massey, and Rebecca Stavenjord, Council President Desi Nicodemus, and Mayor Lisa Batey

Council Absent: Councilor Adam Khosroabadi

Staff Present: Joseph Briglio, Community Development Director Ryan Burdick, Police Captain Mandy Byrd, Development Project Manager Justin Gericke, City Attorney Vera Kolias, Senior Planner	Nicole Madigan, Deputy City Recorder Ann Ober, City Manager Scott Stauffer, City Recorder Luke Strait, Police Chief Laura Weigel, Planning Manager
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Mayor Batey called the meeting to order at 4:01 p.m.

1. Coho Point at Kellogg Creek Update – Discussion

Mayor Batey noted that Councilor Khosroabadi was excused as absent from the work session.

Briglio introduced Farid Bolouri with Black Rock Development and Real Estate, and Bolouri's Coho Point architect, Alan Jones, and explained this was an opportunity for Council to get to know the selected developer for the Coho Point project and for Bolouri and Jones to provide a project update.

Bolouri and **Jones** introduced themselves and provided a brief history of the project that included a timeline, rendering of the completed building, and a site plan. **Mayor Batey** asked if retail spaces would be located on the Main Street side only. **Jones** replied that in addition to Main Street, retail space would wrap both corners and extend to the public plaza. The group discussed Jones' statement that the project would include affordable housing. **Jones** noted plans for improvements to the Adams Street right of way as well as a connecting path to and rehabilitation of Dogwood Park.

Jones presented building specifications that included square footage, the number of apartment units, bike, and vehicle parking spaces, where the entrances were located, the aesthetic look of the building, and provided an explanation of how each floor would be laid out. **Jones** mentioned the retaining wall along Kellogg Creek and explained that civil engineers were working with the Federal Emergency Management Agency (FEMA) on an application for cut and fill and relocation of the wetlands.

Jones reviewed the FEMA application process which resulted in the need to submit a full conditional letter of map revision (CLOMR) application package, which **Jones** believed would be ready to submit later that week. **Jones** shared a list of tasks that the city and developer would work on together. **Jones** stated that an extension was needed for due diligence to March 31, 2024, and for the land use approval to October 2024.

Jones presented what the next steps would be if extensions and applications were approved that would culminate in building occupancy late summer of 2026.

Mayor Batey commented on the scale and drop of the path along the Kellogg Creek side of the building. The group discussed the Kellogg Dam removal project in connection with Coho Point. **Jones** addressed the Mayor's comments by stating that

the project involved a great deal of fill, and the garage would be built above the 1996 flood line.

Councilor Massey asked if there were other issues that had delayed the project. **Jones** responded that besides the CLOMR process other delays were a result of the pandemic.

Council President Nicodemus asked about funding and inflation concerns and **Bolouri** informed Council that other avenues were being considered to assist in offsetting inflation.

Councilor Stavenjord asked how many commercial tenants **Bolouri** was expecting. **Bolouri** advised that they do not plan for a number of tenants but explained there was over 6600 square feet of retail space with several entrance options and expressed hope for a restaurant. **Stavenjord** asked what contingencies **Bolouri** had planned for. **Bolouri** shared that the main contingency would come from working with interested institutions that would likely want more equity.

Mayor Batey noted the solar panels on the Coho Point roof and asked what green building standard the project would be going with. **Jones** explained they were considering both the Energy Trust of Oregon's Path to Net Zero and the Leadership in Energy and Environmental Design (LEED) as well as reviewing the new energy efficient changes to the city and state building codes.

Briglio advised that staff would approve the extensions.

2. Psilocybin Code Amendments – Discussion

Kolias presented background information on the Oregon Psilocybin Service Act which involved options for how the city could incorporate or prohibit the act. **Mayor Batey** believed that city no longer had an option to prohibit. **Kolias** was unsure if there was a time limit for prohibiting and would look further into the matter. **Kolias** shared the different types of licenses that the Oregon Health Authority issued for psilocybin. The group discussed what the service facilitator's role was and what was needed to acquire a license.

Kolias presented state law restrictions for the psilocybin act and shared that at the time of the presentation, the Planning Department had received both an inquiry for building a service center that was denied – due to the state's law prohibiting a center in a residential zone, and an inquiry for manufacturing that the Planning Department had endorsed.

Mayor Batey and **Kolias** discussed commercially growing marijuana in the city.

Kolias again presented Council's options and stated that staff believed the state regulations were sufficient. **Ober** added that the police department had concerns to share, and that Strait and Burdick would be arriving soon.

Mayor Batey and **Kolias** discussed the law around growing psilocybin in residential settings.

Council President Nicodemus, Kolias, and Mayor Batey discussed if and when the city may see tax revenue from the sale of psilocybin.

Burdick shared concerns the police department had considered, including theft and burglaries, staff impacts and workload for enforcement, and suggested the city should wait and observe how the psilocybin would be handled in neighboring cities for a year.

The group discussed Burdick's concerns, acknowledging residential burglaries as a possibility, pointing out the differences in growing marijuana versus psilocybin and that Milwaukie would not be the only city in the area to offer psilocybin services. They discussed the addiction aspect including that background checks were part of the licensure process, and that psilocybin could only be given and taken in a psilocybin service center.

The group discussed ways to address the police departments concerns that included looking into the ability to change and restrict the code as necessary to respond to possible negative incidences, and how changes could affect individuals already endorsed by the city. The group commented on the licensure requirements for facilities, and the applicant's process after the city endorses a land use compatibility statement (LUCS) for growing psilocybin.

Councilor Stavenjord asked how the city would be notified of issued psilocybin licenses. **Kolias** responded that for the city, besides the service facilitator license, the other three state issued licenses would require a business license and the Planning Department's standard zoning enforcement would apply. A service facilitator would not be required to obtain a license as they can only work within a service center which would already have a business license.

The group discussed what it would mean to restrict the zoning for psilocybin and how anyone with a city endorsed LUCS would be grandfathered in and that the state's annual process to renew a license would likely not give the city an opportunity to revoke a LUCS.

Ober stated that staff would bring back the psilocybin code amendments discussion to Council. **Mayor Batey** shared contemplations on banning psilocybin in residential zones and **Ober** noted that Oregon is leading the way for this new treatment, as such there is no one to learn from. **Mayor Batey** suggested planning to ban and with an option to roll back if the no issues arise.

Gericke believed, after quick review of the act, that there is no time limit for referring a ban to voters, but a voter approved ban would only stop new licenses from being issued.

Ober asked if Council had any other questions for staff to look into to bring back for conversation. **Councilor Stavenjord** wanted to know what the Oregon Health Authority's (OHA) capacity for enforcement was statewide and **Mayor Batey** wanted to know about the cash nature of the psilocybin business.

3. Adjourn

Mayor Batey announced that after the meeting Council will meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(f) to consider information or records that are exempt by law from public inspection.

Mayor Batey adjourned the meeting at 5:07 p.m.

Respectfully submitted,



Nicole Madigan, Deputy City Recorder

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CITY OF MILWAUKIE

Memorandum

To: City Council
From: Joseph Briglio, Community Development Director
CC: Ann Ober, City Manager
Date: February 21, 2023
Re: Community Development Department Update

Community Development, Economic Development, & Housing	Planning	Building	Engineering
▪ City Hall ▪ Economic Development ▪ Housing Update	▪ Comprehensive Plan Implementation ▪ Planning Commission ▪ Design and Landmarks Committee ▪ Land Use/ Development Review	▪ January in review	▪ CIP ▪ Traffic/Parking Projects ▪ Right-of-Way permits ▪ PIP ▪ Document Administration

COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT/HOUSING

City Hall Projects

Historic City Hall

- After a formal solicitation and bid process, the city hall evaluation committee selected Henry Point Development as the next owner of the historic building and plan to repurpose it to a commercial project that includes a bakery, coffee shop, restaurant, brewery, and non-profit office space.
- City staff and representatives from Henry Point Development are currently working through the negotiation process, which will result in the creation of a disposition and development agreement (DDA). The DDA will serve as the roadmap for preparing city hall for its next intended use and ensuring that the historic façade, among other conditions, are compulsory.

New City Hall

- Upon Council's approval of the guaranteed maximum price (GMP) earlier this month, staff is finalizing contract change order 01 with Howard S Wright (HSW), which covers the tenant improvement scope.
- With Council's authorization, staff also executed contracts and placed orders for the audio-visual components and workstation (cubicle) reconfiguration furniture.

- The project schedule is on track for our target move-in date by 10/01/23. The demolition permit has been issued and HSW is scheduled to mobilize on or around the week of 02/27/23. The building permit is currently in plan review with expected issuance, mid-March.
- Keep an eye out for new exterior signage, which is scheduled for install around the first of March.

Economic Development

- Staff continues to connect and build relationships with local businesses. The goal is to develop relationships and understand how the city can best serve our business community.
- Milwaukie Marketplace: Tenant Improvements continue at Milwaukie Marketplace with Planet Fitness recently coming online. Construction should continue through spring and summer for the New Seasons space, which originally was planned to open in Fall 2023; however, the city was recently notified that they will likely be pushing out their opening date to early 2024 due to unforeseen supply and material delays.
- Milwaukie Station: In order to address new state wastewater requirements for food cart pods, staff has been working on improving the site with sewer and grease traps. Without these upgrades, the food carts would no longer be allowed to operate at Milwaukie Station. The construction is slated to occur next month in order to impact the vendors as little as possible and avoid the busy season when the weather is good.
- Enterprise Zone: Staff recently met with two businesses relocating to Milwaukie's north industrial area and taking advantage of the North Clackamas Enterprise Zone tax incentives. The two businesses are Swagelock and Overland Van Project.

Housing Update

- Sparrow Site: The city purchased the parcel ("main property") at the northeast corner of SE Sparrow Street and the Trolley Trail from TriMet for the purpose of land banking to support affordable housing several years ago. More recently, staff received a Metro Brownfields grant to support due diligence for the acquisition of 12302 SE 26th Avenue ("auxiliary property") from TriMet in order to help rectify access constraints to the main property. The due diligence period is now complete, which clears the way for acquiring the property. Staff changes have delayed some of this work; however, Community Development is anticipating closing on the 12302 SE 26th property within the next few weeks and moving forward with an RFQ/RFP process sometime thereafter.
- Coho Point: The Developer requested a 12-month extension of the Disposition and Development Agreement (DDA) due diligence period because of extenuating circumstances involving supply chain and subcontractor timing issues related to the COVID-19 pandemic. The due diligence period was extended to Dec. 31, 2022. Staff approved a second due diligence period extension for an additional three months (March 31, 2023) to allow the Developer the ability to provide an update to the City Council and determine the appropriate timeline for completing the due diligence period. The Developer is slated to discuss with the city council at the February 21 work session.
- Construction Excise Tax (CET) Program: The CET Program was established by the city council in 2017 and codified within chapter 3.60 (Affordable Housing Construction Excise Tax) of the municipal code. The CET levy's a one percent tax on any development over \$100,000 in construction value. In example, a property owner who is building an addition that has an

assessed construction value of \$100,000 would have to pay \$1,000 in CET to the city. As development continues throughout the city, the CET fund increases in proportionality.

The city recently released its inaugural competitive bid process for CET funds through a formal Request for Proposals (RFP). The RFP prioritized both workforce and affordable housing with a preference for the greatest number of income-restricted units for the longest duration. It further prioritized projects that offered deeply affordable (30% AMI) units designed to transition people out of homelessness, provide supportive services on-site, prevent displacement, involve community land trusts, provide first-time homebuyer education, serve historically underserved communities (i.e. BIPOC), and serve other high priority special needs populations as outlined in the Milwaukie Housing Affordability Strategy (MHAS). Lastly, since the city lacks the resources to manage income-restricted units and qualify tenants on an on-going basis, it was imperative that each proposal guaranteed continuing income-verification administration and unit restriction management for at least a 30-year term.

The selection committee scored the Hillside Park Phase I project highest; however, it also felt that the Milwaukie Courtyard Housing Project warranted some award amount as well due to its rare land trust model and ownership niche. Therefore, Hillside Park Phase I was awarded \$1.7M (requested \$2M) and the Milwaukie Courtyard Housing Project with \$300K (requested \$600K). The Notice of Intent to Award is attached, as well as the selection committee scoring sheets. Staff is currently working on drafting grant award agreements and will bring them to council for final approval.

- Planning and Community Development staff held their sixth meeting with the Housing Capacity Technical Committee (HCTC) on January 26 to discuss potential housing production strategies the city might include for submission to the state as required by [House Bill 2003](#). Council also discussed these strategies on February 7. The next step is to review the potential strategies with the Planning Commission on March 14.

PLANNING

Comprehensive Plan Implementation

- Planning and Economic Development staff met with the consultant team on January 31 to begin work on the Neighborhood Hubs implementation project, starting with two projects kick off meetings: general project kicks off and community engagement. Staff will be meeting with the consultant team on February 16 to discuss the economic development component of the project. Staff will be providing updates to the NDAs, Planning Commission, and City Council during the project once the project schedule and milestones are identified and work has begun in earnest.
- Planning and Engineering staff selected a consultant for the Transportation Systems Plan (TSP) in May of 2022. Council appointed the TSP Advisory Committee on February 6 comprised of members with geographic representation within the city and community members that historically have been excluded from transportation planning processes. The project scope of work is in final internal review at ODOT; after that Oregon Department of Justice will need to review and approve; this could take an additional 3-6 months. Staff hope to kick off the TSP update in the Spring of 2023.

Planning Commission

- CU-2022-006: A continued public hearing for a Type III application for a vacation rental at 11611 SE 33rd Ave was held on January 24. The applicant requested to use the single detached dwelling as a vacation rental. The Planning Commission voted 4-1 to approve the application with conditions. The Notice of Decision was issued on January 25. The appeal period closed on February 9, 2023.
- VR-2022-001: A Type III application for variances to street-side and rear yard setbacks has been submitted in conjunction with a proposed addition to the existing single-family house at 2807 SE Sherrett St. The application is in review for completeness.
- ZA-2023-001: A Type V application for a package of "housekeeping" code amendments. The Planning Commission held a work session to discuss the amendments on January 10th. A public hearing was held on February 14th where the Commission voted 6-0 to recommend approval of the amendments. The 30-day notice and code commentary were posted on January 12th and an email was sent to all NDAs informing them of the proposed amendments. A work session with the City Council is scheduled for March 7.
- ZA-2022-002: A Type V application for a package of more substantive code amendments. The original goal of this package was to review recent Type III variances in an effort to streamline the code and reduce barriers for residents. The package includes amendments to access spacing standards modification process in Title 12, allowing attached cottages in cottage clusters in the R-MD zone, allow encroachments for back decks into the rear yard setback, and revise the minimum lot size for townhouse corner lots, among other proposed amendments. The Planning Commission will hold a work session on February 28th to discuss the amendments.
- ZA-2022-003: A Type V code amendment application to refresh the downtown design review code, including repeal of the external Downtown Design Guidelines document. On January 24, 2023, the Planning Commission voted to recommend that Council approve the proposed amendments. Staff presented the amendments to Council in a work session on February 14 and is scheduled to bring them for adoption at the March 21 regular session.
- ZA-2022-005: A Type V code amendment application related to Climate Friendly Equitable Communities rulemaking. The Planning Commission held a public hearing on February 14th and voted 6-0 to recommend approval of the code amendments. As directed by City Council on August 16th, 2022, the code amendments remove minimum vehicle parking quantity requirements for all uses citywide and adopt new standards for large surface parking lots. These changes are being proposed to comply with new Oregon's new transportation planning administrative rules which were adopted through the Climate Friendly Equitable Communities rulemaking process in May of 2022.

Design and Landmarks Committee

- The DLC has been on a hiatus since August 2022. The group's two newest members, Juli Garvey and Ryan Lowther, join continuing members Cynthia Schuster (Chair), Tracy Orvis (Vice Chair), and Mary Neustadter. The DLC is scheduled to reconvene on March 6 and will have its annual meeting with Council on April 4.

Land Use/Development Review¹

- EXT-2022-001: A Type II application for another two-year extension of the land use approval for the Bonaventure Senior Housing development at 5801 SE Kellogg Creek Dr (primary file #CU-2018-003). The original approval would have expired on March 15, 2021, but was extended to March 15, 2023. The request is for an additional two years to obtain all necessary permits and re-start construction (by March 2025), with two more years to finish the whole project (by March 2027). The application has been deemed complete and referred for comment and public notice. The comment period ends February 22 and a decision may be issued as soon as February 23.
- VR-2023-001: A Type II application to reduce the approved street-side setback at 4300 SE Logus Rd, from 15 ft to 12 ft. The application was deemed complete on January 18 and was referred for review and with public notice on January 19. The comment period ended February 2; no comments were received and the notice of decision for approval was issued on February 6.
- VR-2023-002: A Type II application for a fence height variance to allow a 6-ft fence in a portion of the front yard on the property located at 11523 SE 44th Ave. No comments were received. A Notice of Decision approving the variance was issued on February 6. The appeal period runs until February 21.
- A-2023-001: An application for expedited annexation of the property at 8909 SE 55th Ave. The property is zoned Gi (General Industrial) in the county and will take on the City's Manufacturing (M) zoning designation upon annexation. The property owner has requested an emergency connection to City sewer. The usual request for preliminary review by the Oregon Department of Revenue has been made and a tentative meeting date with Council has been set for April 4.
- A-2023-002: An application for expedited annexation of the property at 9351 SE Stanley Ave. The property is zoned R7 in the county and will take on the City's Moderate Density Residential (R-MD) zoning designation upon annexation. The property owner has not requested an emergency connection to City sewer but intends to connect following annexation. The usual request for preliminary review by the Oregon Department of Revenue has been made and a tentative meeting date with Council has been set for April 4.

¹ Only land use applications requiring public notice are listed.

BUILDING

Permit data for	Jan	FY to Date:
New single-family houses:	2	5
New ADU's	0	0
New Solar	12	50
Res. additions/alterations	3	10
Commercial new	0	2
Commercial Alterations	4	42
Demo's	2	6

Total Number of Permits issued: 865
(includes fire, electrical, mechanical, plumbing, and other structural)

Total Number of Inspections: 1490

Total Number of active permits: 971

ENGINEERING

Capital Improvement Projects (CIP):

CIP 2018-A13 Washington Street Area Improvements

Summary: This project combines elements of the SAFE, SSMP, Water, Stormwater, and Wastewater programs. SAFE improvements include upgrading and adding ADA compliant facilities along 27th Ave, Washington St, and Edison St. Street Surface Maintenance Program improvements are planned for Washington Street, 27th Avenue, and Edison Street. The Spring Creek culvert under Washington Street at 27th Avenue will be removed, and a new structure added. The water system along Washington Street will be upsized from a 6" mainline to an 8" mainline. The stormwater system along Washington Street will be upsized from 18" to 24" storm lines. The project is being designed by AKS Engineering and Forestry.

Update: The 90% design submittal is under review by staff.

CIP 2016-Y11 Meek Street Storm Improvements

Summary: Project was identified in the 2014 Stormwater Master Plan to reduce flooding within this water basin. The project was split into a South Phase and a North Phase due to complications in working with UPRR.

Update: Staff has received the updated agreement for the property purchase and pipeline easements. Land use application is being prepared. Staff will start preparing documents for Council approval.

CIP 2020-A12 SAFE & SSMP FY 2021 Improvements (Home Ave & Wood Ave)

Summary: Project includes the Home Avenue SAFE and SSMP improvements and the Wood Avenue SSMP improvements.

- Home Avenue: Construct sidewalk on the west side of Home Avenue from King Road to Railroad Avenue. Full road reconstruction and installation of four inches of pavement from King Road to Railroad Avenue. Replace sewer pipe to improve lift station capacity on Harrison Street from 47th Avenue to Home Avenue, and on Home Avenue from Harrison Street to Monroe Street)
- Wood Avenue: Full road reconstruction and installation of four inches of pavement from Railroad Avenue to Park Street.

Update: Project is completed.

CIP 2022-W56 Harvey Street Improvements

Summary: Project includes water service improvements and stormwater improvements on Harvey Street from 32nd Avenue to 42nd Avenue, on 42nd Avenue from Harvey Street to Covell Street, as well as 33rd Avenue and 36th Avenue. The project also includes sidewalk construction on Harvey Street from 32nd Avenue to 42nd Avenue and roadway paving on Harvey Street and 42nd Avenue.

Harvey Street: Anticipating sending RFQ out in the coming months.

CIP 2021-X39 FY 2021 Wastewater Improvements

Summary: Project includes replacement of old or high maintenance sanitary sewer mainlines at Kent Street, 37th Avenue, and Washington Street. Project also includes the installment of new connections at the Milwaukie Station Food Pods and lining existing mains at Home Street and Harrison Street.

Update: The project is out to bid.

CIP 2021-W61 Ardenwald North Improvements

Summary: Project includes street repair on Van Water Street and Roswell Street with a shared street design for bicycles, pedestrians, and vehicles. Stormwater catch basins in the project boundary will be upgraded, the water system will be upsized on 29th Avenue, 30th Avenue, and 31st Avenue, and there will be wastewater improvements on 28th Avenue, 29th Avenue, and 31st Avenue to address multiple bellies and root intrusion to reduce debris buildup.

Update: Work is progressing on 90% design.

CIP 2022-A15 King Road Improvements

Summary: King Road (43rd Avenue to city limits near Linwood Avenue) SAFE/SSMP Improvements will replace existing sidewalk and bike lane with a multi-use path, improve stormwater system, and reconstruct roadway surface.

Update: The project Request for Qualification (RFQ) for project design will be posted on February 7th and proposals are due by March 7th.

Milwaukie Bay Park

Update: Project was put on hold indefinitely.

Wavery Heights Sewer Reconfiguration

Summary: Waverly Heights Wastewater project was identified in the 2010 Wastewater System Master Plan. The project may replace approximately 2,500 feet of existing clay and concrete pipe.

Update: Anticipating sending RFQ out in Winter 2023 once engineering position is filled.

Monroe Street Greenway

Summary: The Monroe Street Greenway will create a nearly four-mile, continuous, low-stress bikeway from downtown Milwaukie to the I-205 Multi-Use path. Once complete, it will serve as the spine of Milwaukie's active transportation network connecting users to the Max Orange Line, Max Green Line, Trolley Trail, 17th Avenue Bike Path, I-205 path, neighborhoods, schools, and parks. Funding grants through ODOT and Metro will allow the city to complete the 2.2 miles of our section of the Monroe Greenway from the Trolley Trail to Linwood Ave in the next five years.

Update: Linwood to 37th Ave. Section: staff will meet with ODOT this month to finalize the scope-of-work needed to advertise for a consultant to design the section.

Monroe & Hwy 224 Intersection: first set of plans have been received and are under review. Project has now been combined with a larger project which will mill and overlay Hwy 224 from Rusk Rd to 17th Ave. However, this project is slightly behind the intersection schedule; this will cause an approx. 6-mo delay. Nothing else is anticipated to occur with design until summer 2023.

Monroe/Campbell/Oak Street: city has received the draft IGA from ODOT and it is under review. This is needed to transfer \$1.55 M in STIP funding to the city to manage this segment of the Monroe Street Greenway.

Kellogg Creek Restoration and Community Enhancement Project

Summary: Project to remove the Kellogg Creek dam, replace the bridge, and improve fish passage.

Update: The Technical Advisory Committee (TAC) for the Kellogg Creek Restoration & Community Enhancement Project has held three of the five meetings. The next meeting is planned for late spring or early summer.

Traffic / Parking Projects, Issues

Right-Of-Way (ROW) Permits (includes tree, use, construction, encroachment)

Downtown Trees and Sidewalks

Summary: A downtown business owner applied for a permit to remove 5 trees at 10909 SE Main Street. Peter and Steve met with the applicant to propose retaining the trees by allowing for larger tree wells and raising the sidewalk to allow more space for roots under them. The city has offered to demolish and reinstall the curb; but the property owner will be responsible for replacement of the sidewalk and all future maintenance of sidewalks. Owner expressed concerns that any changes with sidewalk elevation may allow storm runoff to shed towards the front doors of the businesses.

Update: Staff has a contract with AKS; working on what type of design works best now and in the future with both the trees and sidewalks & curbs; staff met with Council on June 21, and returned on Aug. 16 with additional information.

Private Development – Public Improvement Projects (PIPS)

Monroe Apartments - 234 units

Update: Guardian Real Estate Services (same developer of Axeltree) has taken over the project. A Right-of-Way permit has been issued; most of the roadway improvements on Monroe and 37th Ave have been completed; we anticipate project completion in spring 2023. Contractor plans to pave the asphalt bike path this month. Developer has applied for a temporary use permit to set up a leasing office trailer on site.

Henley Place (Kellogg Bowl redevelopment)- 175 units

Update: A Right-of-Way permit has been issued; construction of improvements is underway.

Walnut Addition Subdivision – 9 lot subdivision at Roswell St. & 33rd Ave.

Update: While the subdivision was platted some 40 years ago, it was never fully constructed. Contractor has completed all underground pipe work and has placed base rock in the new street. Installation of curb/gutter is complete; contractor plans to pave the streets sometime this month.

Elk Rock Estates – 5 lot subdivision at 19th Ave & Sparrow St.

Update: Installation of sanitary, water and stormwater infrastructure has been completed. Contractor plans to pave the street sometime this month.

Birnam Oaks Apartments (formerly Waverly Woods) - 130 units (all phases)

Update: A Right-of-Way permit has been issued for construction work along property fronting on Waverly Court. Contractor has installed water and sanitary connections to city lines. Street grind and inlay, sidewalk and driveway construction expected in 2023.

Shah & Tripp Estates – 8-lot subdivision at Harrison Street and Home Ave.

Update: Design plans are under review.

Document Administration

Master Plans

Summary: Stormwater Master Plan is upcoming and will be managed by Peter Passarelli

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Reviewed: Ann Ober, City Manager

From: Joseph Briglio, Community Development Director

Subject: **Coho Point Developer Update**

Date Written: Feb. 8, 2023

ACTION REQUESTED

Council is asked to receive a progress report and update from the developer, Black Rock, on the Coho Point project and provide direction to staff on the next due diligence period extension.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[April 4, 2017:](#) Council adopted Resolution 38-2017 authorizing the community development director to proceed with a development solicitation for the Coho Point at Kellogg Creek Property and to negotiate for the sale or transfer of the property.

[August 15, 2017:](#) Council adopted Resolution 80-2017 authorizing the city manager to enter into an exclusive negotiating agreement with Black Rock, LLC.

[February 6, 2018:](#) Council received an update from staff and met the developer of Coho Point.

[June 26, 2020:](#) The Disposition and Development Agreement (DDA) is signed and executed between the city and Black Rock Development and Real Estate, LLC.

[December 22, 2021:](#) Black Rock requests a 12-month due diligence period extension and the city agrees to extend to December 31, 2022.

[August 2, 2022:](#) the city and Black Rock met to discuss progress on the due diligence items and agreed that Black Rock would require an additional extension due to the required conditional letter of map revision (CLOMR) and FEMA process.

[October 10, 2022:](#) The city agreed to extend the due diligence period until March 31, 2023, with the intent that Black Rock would need to go before the city council and provide a project update before additional time could be agreed upon.

ANALYSIS

The Cash Spot pawnshop property (SE Corner of Washington Street and Mcloughlin Boulevard) was acquired by the city in 2006. It was recognized as a gateway location by the Moving Forward Milwaukie project and identified as a development opportunity site in the South Downtown Plan. In April 2017, Council directed staff to make the property available for redevelopment through a public-private partnership and launch a request for qualifications (RFQ) process to solicit proposals. Black Rock was selected as the developer and entered into a DDA with the city on June 26, 2020.

Current Status

The DDA between the city and Black Rock provided a due diligence period of twenty months. The due diligence period would have expired on February 26, 2022; however, the developer requested an extension through the 2022 calendar year due to extenuating circumstances (i.e., labor, material, and supply shortages) associated with the COVID-19 pandemic. The city granted that request. The extension period has now passed, and the developer has requested a second extension largely due to the application and approval process associated with the FEMA CLOMR. City staff agreed to extend the due diligence period for a limited time until March 31, 2023, to allow Black Rock the opportunity to meet with the new Council, provide an update on the project, and to request further extension to the due diligence period.

BUDGET IMPACT

None.

WORKLOAD IMPACT

None.

CLIMATE IMPACT

None.

COORDINATION, CONCURRENCE, OR DISSENT

The city manager and community development director concur.

STAFF RECOMMENDATION

This is an informational item and only feedback is requested.

ALTERNATIVES

None.

ATTACHMENTS

None.



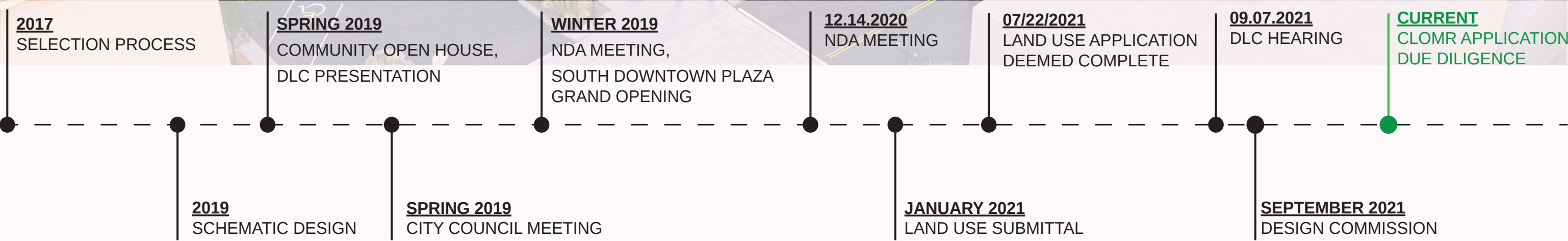
COHO POINT AT KELLOGG CREEK

FEBRUARY 21, 2023

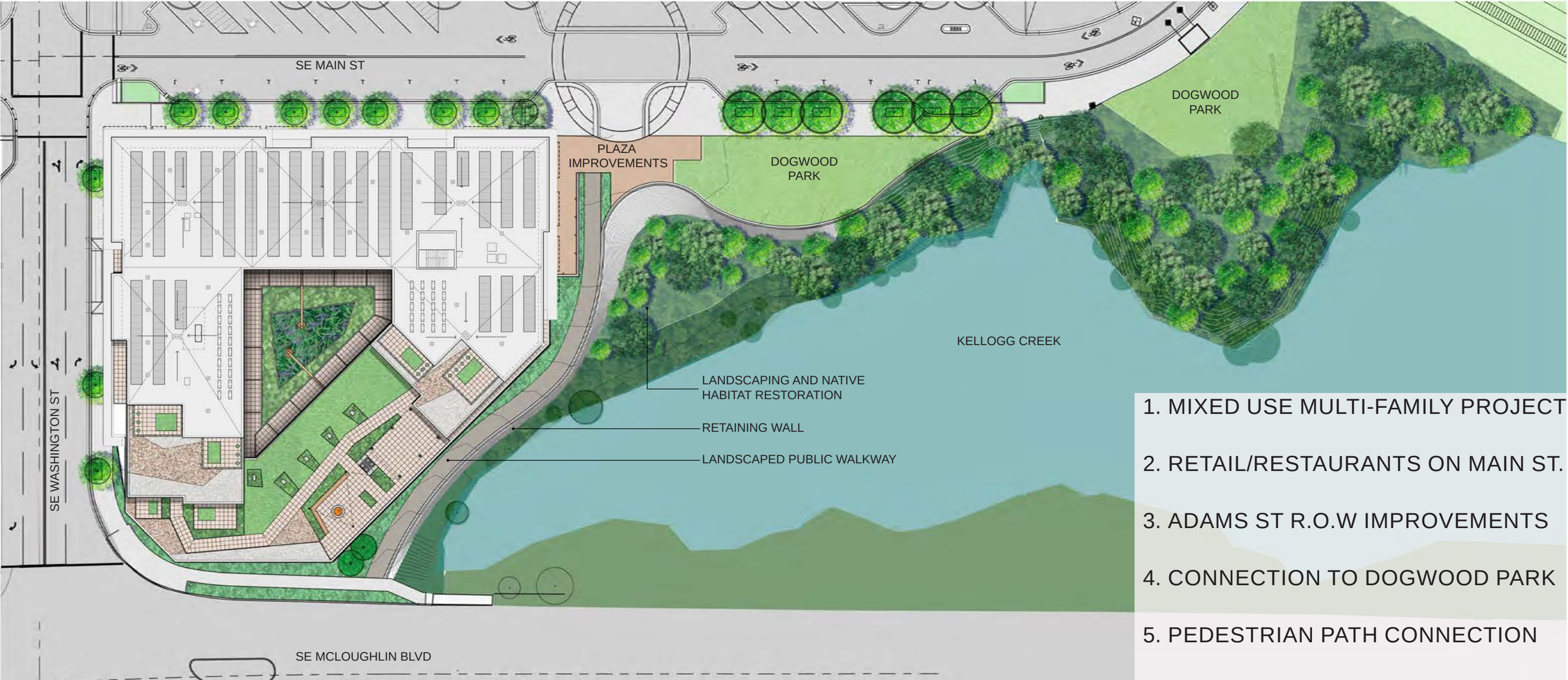


**BLACKROCK DEVELOPMENT
& REAL ESTATE, LLC**

JONES ARCHITECTURE

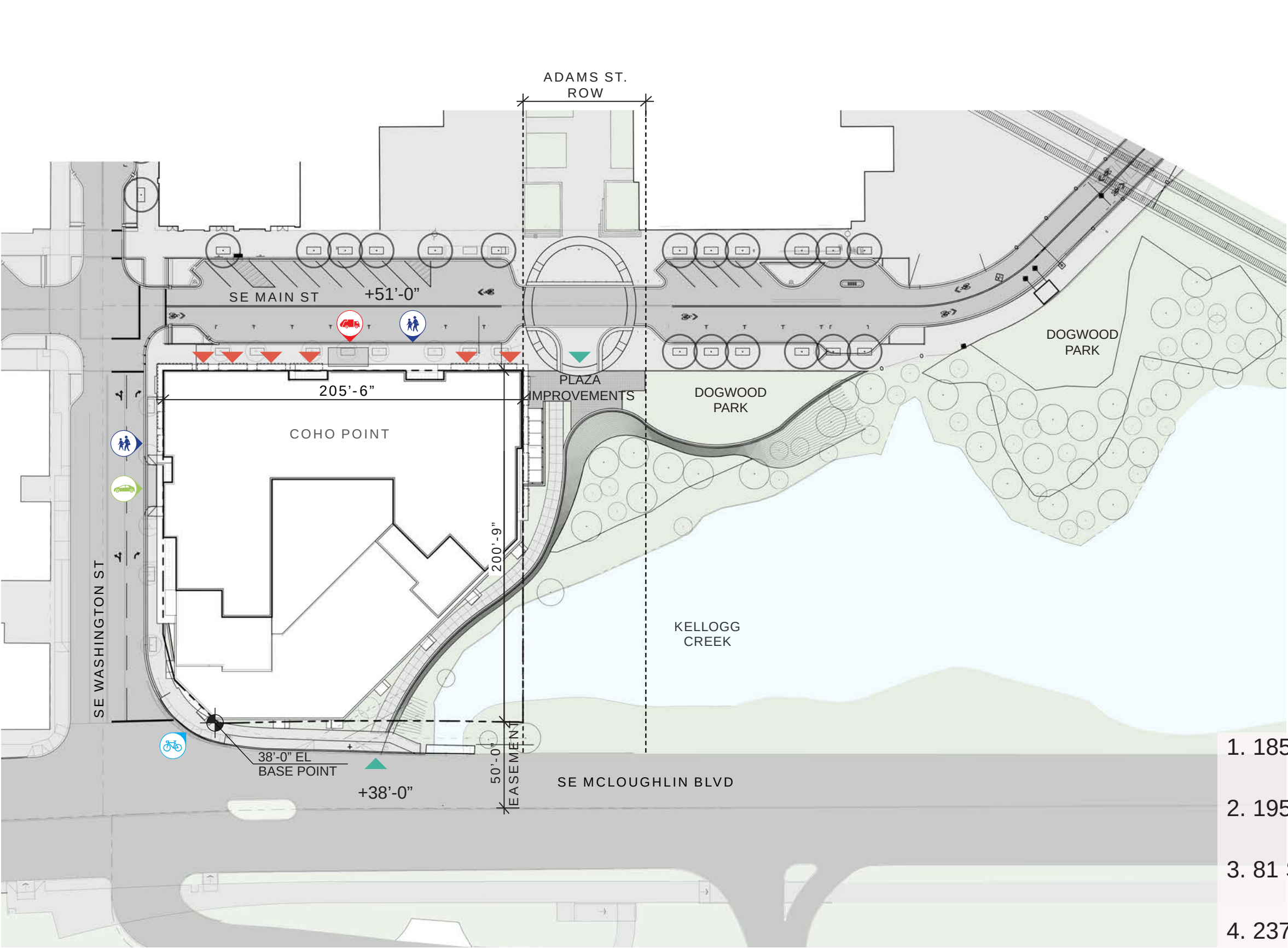


MAIN/WASHINGTON STREET PERSPECTIVE



- 1. MIXED USE MULTI-FAMILY PROJECT
- 2. RETAIL/RESTAURANTS ON MAIN ST.
- 3. ADAMS ST R.O.W IMPROVEMENTS
- 4. CONNECTION TO DOGWOOD PARK
- 5. PEDESTRIAN PATH CONNECTION
- 6. PARKING UNDER STRUCTURE
- 7. PROXIMITY TO PUBLIC TRANSIT

OVERALL SITE PLAN



- DRAWING KEY**
- Building Entry
 - Garage Access
 - Bike Room Access
 - Garbage / Recycling
 - Retail Entry
 - Plaza/Pathway Entry

- 1. 185,565 SF
- 2. 195 APARTMENT UNITS
- 3. 81 SUBTERRANEAN PARKING STALLS
- 4. 237 BICYCLE SPACES
- 5. BIKE PATH CONNECTION

BUILDING SITE PLAN



MAIN ST/WASHINGTON ST RENDERING



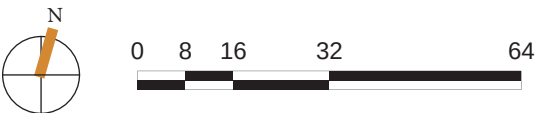
MAIN STREET ELEVATION



WASHINGTON STREET ELEVATION



- PLAN AREA LEGEND**
- COMMON AREAS AND CIRC.
- RESIDENTIAL PROGRAM
- UTILITY
- PARKING SUMMARY**
- 81 PARKING STALLS
- BICYCLE PARKING**
- 98 SPACES
- SHARED PARKING AGREEMENT**
- PUBLIC USE OF 40 PARKING SPACES
FOR WEEKDAY DAYTIME PARKING
- TRANSPORTATION DEMAND PROGRAM**
- IMPLEMENT A MORE COMPREHENSIVE
PARKING MANAGEMENT PLAN TO
ADDRESS THE LIMITED PROVIDED
PARKING SPACES AVAILABLE ON SITE





PLAN AREA LEGEND

- RETAIL
- HOUSING
- COMMON AREAS AND CIRC.
- RESIDENTIAL PROGRAM
- UTILITY

AREA SUMMARY

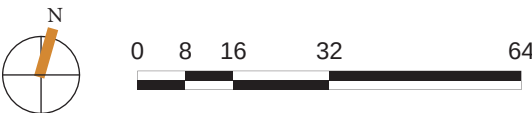
- GROSS BUILDING AREA: 34,077 SF
- RETAIL: 6,833 SF
 - HOUSING: 16,334 SF
 - COMMON AREA: 2,235 SF
 - RESIDENTIAL PROGRAM: 4,191 SF
 - UTILITY: 4,484 SF

BICYCLE PARKING

- 46 SPACES
- 3 PUBLIC SPACES

AFFORDABLE HOUSING

- 23 UNITS OR
- 10% OF TOTAL DWELLING UNITS





FOURTH STORY FLOOR PLAN



SECOND STORY FLOOR PLAN



THIRD STORY FLOOR PLAN

PLAN AREA LEGEND

HOUSING
COMMON AREAS AND CIRC.
UTILITY

SECOND STORY AREA SUMMARY

GROSS BUILDING AREA: 30,062 SF

- HOUSING: 26,593 SF
- COMMON AREA: 3,071 SF
- UTILITY: 398 SF

BICYCLE PARKING
18 SPACES

THIRD STORY AREA SUMMARY

GROSS BUILDING AREA: 30,967 SF

- HOUSING: 26,593 SF
- COMMON AREA: 3,976 SF
- UTILITY: 398 SF

BICYCLE PARKING
18 SPACES

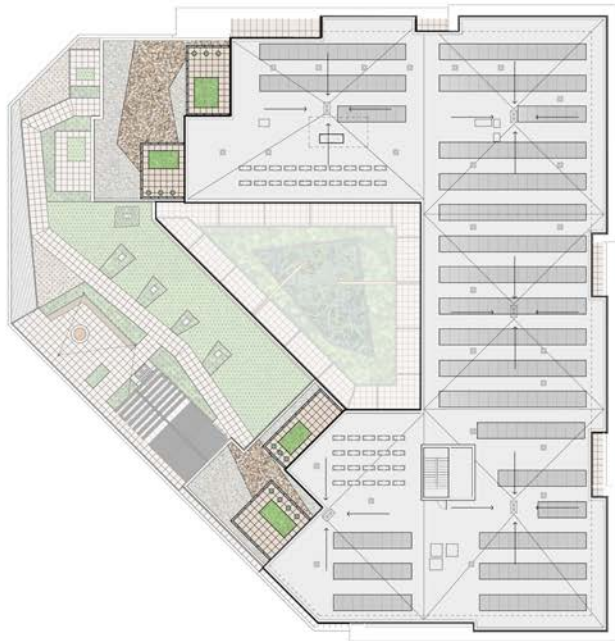
FOURTH STORY AREA SUMMARY

GROSS BUILDING AREA: 30,967 SF

- HOUSING: 26,593 SF
- COMMON AREA: 3,976 SF
- UTILITY: 398 SF

BICYCLE PARKING
18 SPACES





ROOF PLAN



FIFTH STORY FLOOR PLAN



SIXTH STORY FLOOR PLAN

PLAN AREA LEGEND

- HOUSING
- COMMON AREAS AND CIRC.
- RESIDENTIAL PROGRAM
- UTILITY

FIFTH STORY AREA SUMMARY

- GROSS BUILDING AREA: 22,812 SF
- HOUSING: 17,798 SF
- COMMON AREA: 3074 SF
- RESIDENTIAL PROGRAM: 1,542 SF

BICYCLE PARKING

18 SPACES

SIXTH STORY AREA SUMMARY

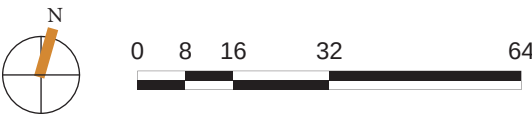
- GROSS BUILDING AREA: 19,290 SF
- HOUSING: 16,334 SF
- COMMON AREA: 2,558 SF
- UTILITY: 398 SF

BICYCLE PARKING

18 SPACES

ROOF-TOP SUMMARY

- PV SOLAR ARRAYS
- CONDENSING UNITS
- RTU'S





PARK PERSPECTIVE

FEMA APPLICATION PROCESS

- **09/29/2021** CITY OF MILWAUKIE ISSUED NOTICE OF APPROVAL FOR LAND USE ENTITLEMENTS.
- **06/20/22** APPLICANT SUBMITTED A PARTIAL APPLICATION OF THE CLOMR-F TO THE CITY TO BEGIN THEIR REVIEW.
- **08/04/22** APPLICANT SUBMITTED COMPLETE CLOMR-F APPLICATION TO THE CITY.
- **10/21/22** CITY OF MILWAUKIE DETERMINED A FULL CLOMR APPLICATION WILL BE REQUIRED FOR THE PROJECT SITE.
- **02/24/23** APPLICANT TO SUBMIT UPDATED CLOMR APPLICATION TO THE CITY FOR APPROVAL AND SIGNED COMMUNITY ACKNOWLEDGEMENT.
- CLOMR APPROVAL FROM FEMA, INCLUDING CITY IDENTIFYING LAND FOR BALANCED CUT AND FILL TO OFFSET WETLANDS TO BE FILLED ON THE DEVELOPMENT SITE.
- DRAFT EASEMENTS AND LOCATIONS FOR THE BALANCED CUT AND FILL NEED TO BE PROVIDED BY THE CITY.

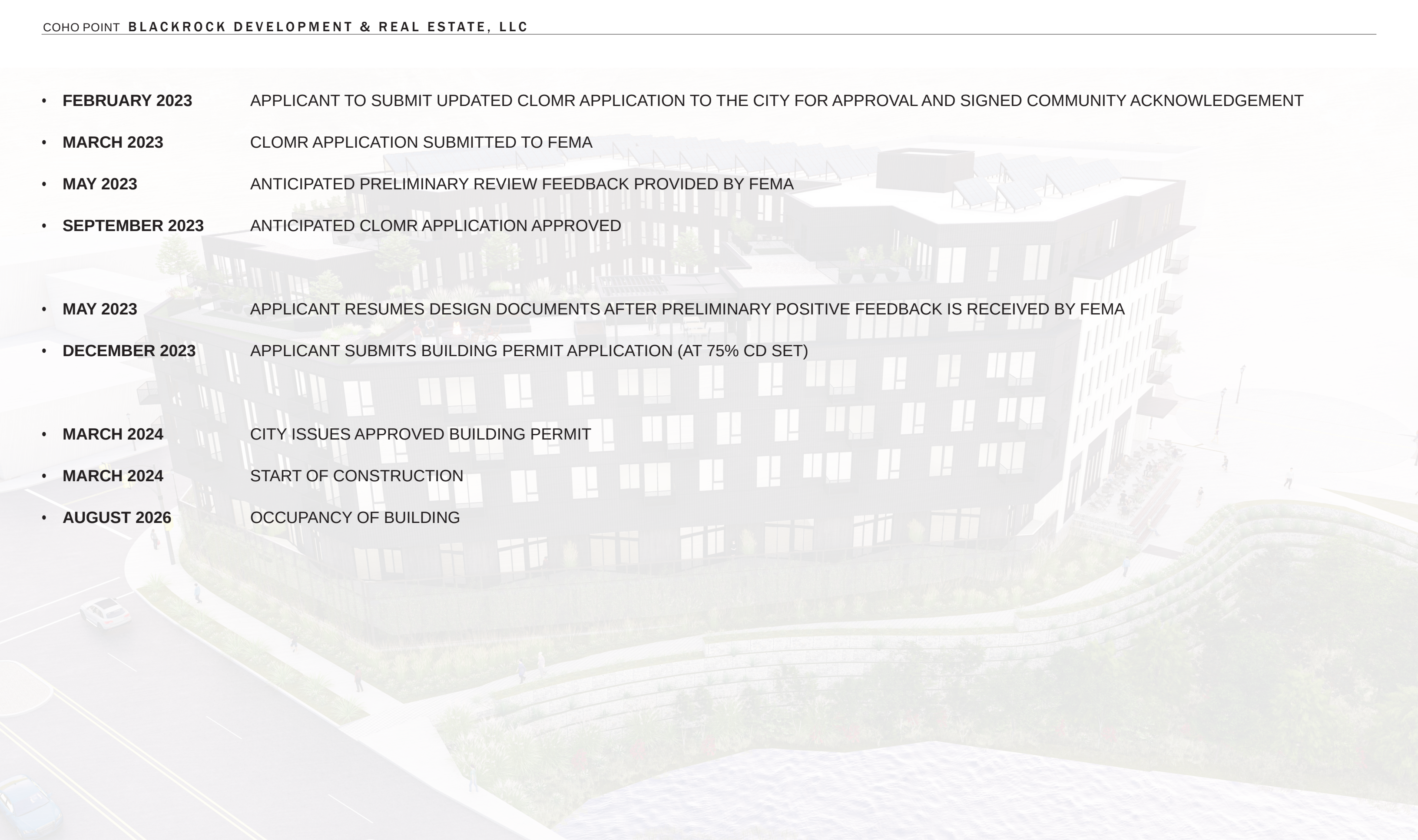
DUE DILIGENCE ACTIVITIES

- AFFORDABILITY COVENANT - DEVELOPER COMMENTS PROVIDED TO CITY'S DRAFT.
- MEMORANDUM OF UNDERSTANDING FOR FARMERS MARKET AND EVENTS - DEVELOPER TO PROVIDE COMMENTS.
- PARKING AGREEMENT FOR USE OF PUBLIC PARKING SPACES - DEVELOPER TO PROVIDE COMMENTS TO CITY'S TERM SHEET.
- PARTIES TO AGREE ON FOLLOWING RELATED AGREEMENTS: AFFORDABILITY COVENANT, MOU FOR EVENTS AND PARKING AGREEMENT.
- DEVELOPER APPLIED FOR THE VERTICAL HOUSING DEVELOPMENT BONUS.
- A FAVORABLE BOLI DETERMINATION WAS ISSUED FOR THE PROJECT.

EXTENSION REQUESTS

- DUE DILIGENCE EXTENSION REQUEST: **MARCH 31, 2024.**
- LAND USE APPROVAL EXTENSION REQUEST: **OCTOBER 2024** (12-MONTH EXTENSION)

- **FEBRUARY 2023** APPLICANT TO SUBMIT UPDATED CLOMR APPLICATION TO THE CITY FOR APPROVAL AND SIGNED COMMUNITY ACKNOWLEDGEMENT
- **MARCH 2023** CLOMR APPLICATION SUBMITTED TO FEMA
- **MAY 2023** ANTICIPATED PRELIMINARY REVIEW FEEDBACK PROVIDED BY FEMA
- **SEPTEMBER 2023** ANTICIPATED CLOMR APPLICATION APPROVED
- **MAY 2023** APPLICANT RESUMES DESIGN DOCUMENTS AFTER PRELIMINARY POSITIVE FEEDBACK IS RECEIVED BY FEMA
- **DECEMBER 2023** APPLICANT SUBMITS BUILDING PERMIT APPLICATION (AT 75% CD SET)
- **MARCH 2024** CITY ISSUES APPROVED BUILDING PERMIT
- **MARCH 2024** START OF CONSTRUCTION
- **AUGUST 2026** OCCUPANCY OF BUILDING



COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Reviewed: Joseph Briglio, Community Development Director, and
Laura Weigel, Planning Manager

From: Vera Kolias, Senior Planner

Subject: **Psilocybin Code Amendments**

Date Written: Feb. 9, 2023

ACTION REQUESTED

Staff requests feedback from Council to determine what, if any, regulations it would like to impose if code amendments are needed.

ANALYSIS

In November 2020, Oregon voters approved Ballot Measure 109, known as the Oregon Psilocybin Service Act (codified at [Oregon Revised Statute \(ORS\) Chapter 475A](#)), which allows for the manufacture, delivery, and administration of psilocybin at licensed facilities. The [Oregon Health Authority](#) (OHA) has completed the rulemaking process to implement Measure 109 and began accepting applications for psilocybin licenses in January 2023.

Measure 109 provides three different areas where the city could be involved in the state's psilocybin program:

- First, the city is permitted to prohibit licensed manufacturers or service centers within its jurisdiction. Any such prohibition, however, must be approved by the city's voters at a general election.
- Second, the city may impose reasonable time, place and manner restrictions on licensed facilities if such facilities are not prohibited.
- Finally, before OHA issues a license for a facility, the city must provide a land use compatibility statement (commonly known as a LUCS), to ensure that the proposed facility is in compliance with local land use regulations.

During the two-year program development period, the Psilocybin Advisory Board created rules and recommendations on the safe administration of psilocybin, and required trainings and licensing for facilitators, service centers, manufacturers and testing laboratories.

There are four types of licenses that can be issued under the new program:

- **Service Center:** A location where clients will be administered psilocybin under supervision of a licensed facilitator.
- **Service Facilitator:** A person that administers psilocybin services.
- **Product Manufacturer:** A location where one or more psilocybin products will be manufactured that could include fungi cultivation, psilocybin extraction, and edible psilocybin production.
- **Testing Facility:** A facility to undertake testing of psilocybin products.

Restrictions under state law include:

- Psilocybin will not be available to buy in stores or to take home.
- Psilocybin can only be administered in licensed settings under supervision of licensed service facilitators.
- Service centers are prohibited within residential zones of an incorporated city or within 1,000 feet of a school.
- Manufacturing of psilocybin products is prohibited outdoors (no locational restrictions).

To date, city planning staff has responded to two inquiries about locating psilocybin facilities in the city. One was for a service center in the high density residential (HDR) zone. As noted above, service centers are prohibited within residential zones under state law. The second inquiry was regarding a small grow facility, for which there are no locational restrictions, in a residential zone as a home occupation requiring a LUCS form. In the current zoning code, [Milwaukie Municipal Code \(MMC\) 19.507](#) permits a variety of home occupations. Therefore, the LUCS form was signed subject to compliance with MMC 19.507 and all aspects of applicable state law.

Options for Discussion

Council could decide to take one of the following actions.

- Refer a ballot measure to prohibit licensed facilities within Milwaukie.
 - Such a measure could prohibit manufacturer and/or service center licensees from locating within the city.
- Enact time, place, and manner restrictions.
 - Code amendments to enact restrictions to dictate where and when facilities will operate.
 - Example: [City of Hillsboro psilocybin information webpage](#)
 - Hillsboro allows psilocybin facilities where office uses are permitted but with additional standards: [Hillsboro Ordinance No. 6417](#).
- Do nothing at this time.
 - There is some belief that the psilocybin program will take more time than the marijuana program to get going and that the state restrictions are sufficient so some jurisdictions are not rushing to take any action at this time.

BUDGET IMPACT

None.

WORKLOAD IMPACT

The planning division did not anticipate psilocybin regulation as part its current workplan because the city had not expressed a need or direction to do so. Therefore, should Council direct staff to draft regulations for psilocybin facilities, this could affect other scheduled code amendments and other projects.

CLIMATE IMPACT

There are no identified climate impacts affiliated with Ballot Measure 109.

COORDINATION, CONCURRENCE, OR DISSENT

The community development and planning departments worked on this issue to date. The police department will be at the work session to help discuss options.

STAFF RECOMMENDATION

Staff believes the state regulations governing psilocybin facilities are sufficient.

ALTERNATIVES

Council could decide to:

- Refer a ballot measure to prohibit licensed facilities within Milwaukie, or
- Enact time, place, and manner restrictions.

ATTACHMENTS

None.

A stylized, abstract illustration of a flower or leaf, rendered in shades of white, light green, and brown. It is positioned on the left side of the slide, partially overlapping the dark blue background.

**WS 2. 2/21/23
Presentation**

Psilocybin Code Amendments

Presentation to the
Milwaukie City Council
Vera Kolas, Senior Planner
February 21, 2023 Work Session

BACKGROUND

Oregon Psilocybin Service Act (Ballot Measure 109)
allows the following:

- Manufacture

- Delivery

- Administration

Of psilocybin (mushrooms) at licensed facilities.

Oregon Health Authority began accepting
applications in January



The City can:

1. Prohibit licensed manufacturers or service centers (requires vote at an election)
2. Impose time, place, manner restrictions on licensed facilities

If not prohibited the City must provide OHA with a Land Use Compatibility Statement (LUCS)



OHA issues 4 Types of licenses:

- Service Center
- Service Facilitator
- Product Manufacturer
- Testing Facility



Psilocybin restrictions under State law:

- NOT available in stores or to take home
- Only administered in licensed settings
- Service center locational restrictions
- Manufacturing prohibited outdoors



Milwaukie Inquiries

Planning staff has fielded 2 inquiries:

- **Service center** in the HDR Zone
 - Denied - prohibited by state law in residential zones
- Small **manufacturer** (grow) in the R-MD zone
 - LUCS issued as a Home Occupation



OPTIONS FOR DISCUSSION

- Refer a ballot question to prohibit licensed facilities
- Enact time, place, manner restrictions (code amendments)
- Do nothing at this time



STAFF RECOMMENDATION

State regulations governing psilocybin facilities are sufficient.



QUESTIONS?



Extra Slides if Needed



Allowed to:

- Operate in all the zones where Office uses are permitted as a primary use
- Operate during the hours of 8 am to 10 pm
- Operate within a maximum 2,000-square-foot footprint.



Opted Out (2022):

- Clackamas County
- Estacada
- Molalla
- Sandy



MMC 19.507: Marijuana-related businesses prohibited as home occupations.

