



To: Planning Commission

Through: Katie Mangle, Planning Director

From: Li Alligood, Assistant Planner

Date: August 5, 2009, for August 11, 2009, Public Hearing

Subject: Supplemental Information on Application CSU-09-02

Applicant: City of Portland Parks and Recreation Department

Address: 8545 SE McLoughlin Blvd

Staff is providing this supplementary report to address several questions and issues of concern raised at the July 28, 2009, hearing of the City of Portland Parks and Recreation Department's request to establish a Community Service Use (CSU) on the site at 8545 SE McLoughlin Blvd. To provide a context for this application, staff has included in this report a summary of the purpose and approval criteria for the City's CSU permit and Manufacturing Zone M.

BACKGROUND

Purpose and Criteria for Community Service Uses

Milwaukie's CSU permitting process allows for "the development of certain uses which, because of their public convenience, necessity, and unusual character, may be appropriately located in most zoning districts, but which may be permitted only if appropriate for the location for which they are proposed."¹ The CSU is set aside as a land use category to allow these certain uses and provides the opportunity for review of their impacts on the surrounding neighborhoods.

The CSU standards are applied to a list of 22 categories of uses including institutions, utilities, recreation facilities, and communication facilities. Of the 22 uses on this list, 9 are (generally) tax-exempt uses. Tax exemptions are conveyed by the State of Oregon to several types of uses: government agencies; non-profit organizations and buildings with non-profits tenants (such as Goodwill and the Johnson Creek Watershed Council); and buildings located within the City's Enterprise Zone (such as Oregon Worsted Wool at Milport and McBrod).²

¹ Milwaukie Municipal Code (MMC) Title 19 Zoning Ordinance Section 19.321 Community Service Use CSU.

² Additional information about the Clackamas County Enterprise Zone program can be found at <http://www.clackamas.us/business/ezone.htm>.

CSUs must meet the following approval criteria:

- Compliance with the standards of the underlying zone.
- Compliance with the specific standards for the proposed uses.
- Be proposed to have reasonably compatible hours and levels of operation as surrounding uses.
- Have public benefits greater than the negative impacts, if any, on the neighborhood.
- Be in an appropriate location.

For the subject application, staff recommends that the City's decision hinge on whether the proposed maintenance facility use is appropriate for its location, and whether it negatively impacts the surrounding neighborhood by being located there (see Attachment 1 for an analysis of this question).

Employment Levels at the Subject Property

The proposed use for the subject property, a maintenance facility, is similar to warehousing and distribution uses found in industrial areas. Metro's draft *Large Employer Analysis* report³ indicates that the average regional employment density for warehouse and distribution uses is 9.5 employees per acre.

The subject property is 1.2 acres and would employ 17 permanent employees year round and up to 10 seasonal employees. The site employment density would be 14 employees per acre year round and up to 23 employees per acre during the summer season.

RESPONSE TO PLANNING COMMISSION QUESTIONS

During the public hearing on July 28, Commissioner Batey requested additional information about the following items:

- A. Average employment per acre in the North Industrial Area;
- B. Employment per acre at two or three of the largest employers in the North Industrial Area;
- C. Employment per acre at other North Industrial Area buildings in the 2,000 to 3,000 sq ft range; and
- D. Employment levels at the two new businesses (Willamette Jet Boat and D and R Masonry) located at the former Thomason site at 8890 SE McLoughlin.

To respond to these questions, staff extracted this data from the active City of Milwaukie business license registration records, 2005 Oregon Employment Department data, and the June 23, 2009, draft of Metro's *Large Employer Analysis* report. The subject property is not included in this analysis.

³ Metro. 2009. Draft Preliminary Large Lot/Large Employer Analysis: Addendum to the Preliminary Employment Urban Growth Report. June 23. Portland, Oregon: Metro.

A. Average employment per acre in the North Industrial Area.

Commissioner Batey requested information about the overall average employment density in the North Industrial Area, as well as a breakout between tax-exempt and non-tax-exempt sites.

- The average employment density of all sites in the North Industrial Area is 12.5 employees per acre⁴.
- There are 20 tax-exempt sites in the North Industrial Area; several of these sites are undevelopable (such as the Pioneer Cemetery) and others function primarily as right-of-way⁵. The level of data available did not allow for a breakout of average employment density of tax-exempt sites.

B. Employment per acre at two or three of the largest employers in the North Industrial Area.

The three largest employers in the North Industrial Area are the Oregon Liquor Control Commission (OLCC), American Medical Response, and WW Metal Fabrication.

- The OLCC site at 9201 SE McLoughlin has an employment density of 15 employees per acre, which includes a majority of office employment on a large site.
- WW Metal Fabrication has an employment density of 22 employees per acre, which is fairly typical for manufacturing uses.
- American Medical Response has an employment density of 56 employees per acre; many of the employees are off-site and the company runs multiple shifts; the site is essentially the headquarters for an ambulance fleet.

C. Employment per acre at other North Industrial Area buildings in the 20,000 to 30,000 sq ft range.

The subject site is approximately 53,000 sq ft and the subject building is approximately 25,000 sq ft. Due to the relatively small size of the subject site and building, there are only 5 comparable sites in the area; these sites are between 35,000 sq ft and 50,000 sq ft and contain buildings between 15,000 sq ft and 40,000 sq ft.

- The range of employment densities for comparable sites and buildings is between 9 and 36 employees per acre⁶, for an average employment density of 20.6 employees per acre.

D. Employment levels at the two new businesses (Willamette Jet Boat and D and R Masonry) located at the former Thomason site at 8890 SE McLoughlin.

There are two businesses in the process of locating to the former Thomason site at 8890 SE McLoughlin. The sites are not yet completely developed; therefore business registration information was not available at the time of this analysis.

- Willamette Jet Boat proposes an employment density of 11 employees per acre.

⁴ 2005 Oregon Employment Department data

⁵ Clackamas County GIS

⁶ Five subject sites were analyzed; the employment densities of these sites (employees: acres) were 9:1, 11:1, 15:1, 32:1, and 36:1.

- D and R Masonry proposes an employment density of 12 employees per acre.

CONCLUSION

Staff believes that in addition to meeting the CSU criteria, including the public benefits test, the proposal meets both the standards and the intention of the M zone. If this CSU application is approved, the subject site would have an employment density of at least 14 employees per acre year round. This exceeds the average regional warehousing and distribution employment density of 9.5 employees per acre, the minimum M zone employment density requirement of 10 employees per acre, and the average North Industrial Area employment density of 12.5 employees per acre.

ATTACHMENTS

1. Memorandum of support from Alex Campbell, Resource and Economic Development Specialist

ATTACHMENT 1

City of Milwaukie

Interoffice Memorandum

To: Li Alligood, Assistant Planner

From: Alex Campbell, Resource & Econ. Development Specialist

CC: Planning Commission

Date: August 6, 2009

Re: File: CSU-09-02, TPR-09-02

In response to your request, I have reviewed the staff reports related to Portland Park and Recreation's CSU application. I also understand that several PC members have reservations particularly as related to the public benefit calculus under the CSU criteria.

Regarding the potential negatives identified, I agree that the foregone property tax revenue is a disadvantage to the City, but a small one, and one that is mitigated by the fact that allowing the property to remain vacant is unlikely to improve its value. I don't see any conflict between the activity proposed and surrounding and allowed activities. There will not be a high degree of commercial traffic or other activities that would conflict with the function of the industrial district.

In regards to the employment density issue, I believe the proposed project has an employment density that is on the lower end of the range of the allowed M-zone uses. However, given that this operation is likely to take place within an industrially-zoned or similarly-zoned area within the close-in SE Portland area, I don't see a net reduction in industrial employment opportunity as a result of this particular application. (It is important to keep in mind that while industrial property is limited, it does function as a regional market and this activity is going to ultimately, and appropriately, land in an industrial zone. Whether this takes place within the City of Milwaukie does not, therefore, have any impact on regional employments.)

In regards to the benefits, I see the off-site improvements as a small, marginal benefit to the district. More importantly, I do see the functional activities of the operation as a real benefit to the community. To the extent that Portland parks do serve a regional function, and clearly the Springwater Trail and Oaks Bottom Park are regional park facilities, I believe there is a real benefit to the City of Milwaukie residents to this kind of function. This regional public function is similar to the function played by the ODOT, TriMet, County, and OLCC facilities in the North Industrial area. With this in mind, I believe the key question is whether the activity at hand is appropriately sited in an industrial area. I believe it is.