



CITY OF MILWAUKIE

Memorandum

To: City Council
From: Joseph Briglio, Acting City Manager,
 Laura Weigel, Community Development Director
 Peter Passarelli, Public Works Director
CC: Emma Sagor, City Manager
Date: February 17, 2026
Re: Economic Development, Housing, Community Development & CIP Monthly Update

Economic Development & Housing	Planning	Development Services	CIP - Engineering
<ul style="list-style-type: none"> ▪ Economic Development ▪ Affordable Housing 	<ul style="list-style-type: none"> ▪ Comprehensive Plan Implementation ▪ Planning Commission ▪ Land Use/ Development Review 	<ul style="list-style-type: none"> ▪ January Review 	<ul style="list-style-type: none"> ▪ CIP ▪ Traffic/Parking Projects ▪ Right-of-Way Permits ▪ PIP ▪ Document Administration

ECONOMIC DEVELOPMENT

Economic Development

Media Coverage:

- The International City Management Association selected Milwaukie to have a feature film at their 2025 conference. The film was debuted in November and is live on [YouTube](#).
- KGW8 covered the Umbrella Parade and [featured an interview](#) with a parade participant that highlighted the downtown businesses in their clip.
- Several news outlets covered the Bing in the New Year celebration, including [KPTV](#), [KOIN](#), and [KGW](#). Both the history of the Bing Cherry and Milwaukie were showcased.

Business News:

- Little Blue Store had their grand reopening ceremony on September 22. They were recipients of Clackamas County's [Healthy Retail](#) grant. As a result, they offer fresh produce instead of tobacco products.
- Swagelok hosted city, county, and state staff and elected officials for introductions, a company overview and facility tour in November. Swagelok is a 2025 applicant for the

county's Business Development Grant.

- Swagelok and American Metal Specialties were awarded Clackamas County's 2025-26 Business Development Grants.

Commercial Real Estate:

- NMIA:
 - Sock it to Me moved their operations out of Oregon. The 30,000 sf building at 9592 SE Main has a new tenant. A business registration was approved in October 2025 for WTOP Group, Inc, a company that sends wholesale product to other businesses for sale on their online platforms.
 - For Sale: Anderson Pots. 2425 SE Moores St (Mixed) | \$9.85 million
 - For Lease: 2200 SE Mailwell Dr (Industrial), 4,000 – 37,112 SF
 - For Lease: 2505 SE Stubb St (Industrial), 20,040 SF
 - For Lease: 9255 SE McBrod St (Industrial), 14,400 SF
 - For Lease: 1976 SE Ochoco St (Office), 3,200 SF
- Business Industrial Area:
 - [Bobs Red Mill](#) - On February 8, Bob's Red Mill announced that it would be [closing its Retail and Café](#) property on International Way on February 17. The company later [announced on social media](#) that it would be closing its doors on February 12. The closure only impacts on its retail and café operations.
 - The property is listed for sale at \$5.95M – [See Flyer](#)
 - A land use application has been submitted for the site. Please see the Planning/Land Use/Development Review section for more information.
 - Staff have reached out to a few businesses and developers to help generate interest.
 - For Sale: 4040 SE Wister St (Industrial), 9,014 SF | \$1.7 million
 - For Lease: 4103 SE International Way (Flex), 5,768 SF
 - For Lease: 4120 SE International Way (Multiple), 624 – 4,688 SF
 - For Lease: 5565 SE International Way (Industrial), 17,600 SF
 - For Lease: 10830 SE Oak St (Retail), 1,920 – 21,480 SF
- Neighborhood Hubs
 - None.

City Updates

- The city has launched a new [bike rack request form](#) to intake and process bike rack requests in a more orderly fashion. The aim is to facilitate more bike access to commercial and employment areas.
 - Five new bike racks have been added downtown and one in the neighborhood hubs
 - Three bike racks will be installed at Milwaukie Museum in March 2026.
 - Three bike corrals have been installed in front of pFriem, resulting in 24 bike parking spaces.
- Metro Region Innovation Hub (MRIH) is hosting office hours at Good Measure on February 25 for entrepreneurs and businesses to receive advising and navigation. This collaboration came about through DAM's network, and the City, DAM, and MRIH are collaborating to advertise the opportunity.
- The city received 304 to the 2025 Business Survey, which was open December through January. The findings will be presented at the February 17 Regular Session and are expected to inform several ongoing initiatives, including but not limited to the economic development council goal, business roundtables, the business tax code update, and the next TIF five-year action plan.

Downtown:

[Downtown Alliance of Milwaukie \(DAM\)](#)

2025 Updates:

- The [Downtown Alliance of Milwaukie \(DAM\)](#) has started meeting regularly and taken the place of the now defunct Downtown Milwaukie Business Association (DMBA).
- **December 17 Board Meeting:** The board discussed new items, including a code of conduct policy and the disclosure of conflicts of interest between DAM's president and the City of Milwaukie. The majority of the meeting revolved around existing business items, including: LoveOne and St. Johns Donation Drive, Storefront Decorating Contest, Business Passport, and website and social media needs. DAM discussed the future of First Friday in regard to will DAM be the coordinating entity, will CMI be partnering on vendor opportunities, and will the event take place within downtown businesses versus in the street with vendors. This discussion will continue at future meetings.
- **January 21 Board Meeting:** The board reviewed the 2026 – 2027 budget and the 2025 Annual Report and empowered a subcommittee to finalize both documents. DAM plans to submit both documents to the city for funding consideration. Other agenda items included coordination on planned and ongoing 2026 projects, including the 2026 Taste of Milwaukie, which DAM hopes to put on as part of the Milwaukie Fest activities. Although DAM has not officially adopted the responsibilities of First Fridays, they continue to discuss if and how they would take it on.
- **February 4 Public Meeting:** The DAM public meeting is held quarterly on the first Wednesday of the month at City Hall. The agenda for this meeting was an opportunity to update the public on DAM activities and recruit participants to the board and volunteer positions. DAM advertised upcoming opportunities, including the Elk Rock Restoration volunteer drive and

LoveOne donation drive with barrels placed at businesses throughout downtown.

2026 Updates

- DAM completed their inaugural annual report, highlighting the following outcomes:
 - \$513,000 raised for the community
 - 2,896 volunteer hours
 - 10 new businesses
 - 24 community events
 - 30,000 sf of space redeveloped or occupied
- The DAM has selected the following focuses for 2026:
 - The return of Taste of Milwaukie
 - Wayfinding Signage and Downtown Signage
 - Walking Maps and Business Directory
 - Milwaukie Passport
 - Donation Drives organization and support
 - Little Float pt. 2
 - Main Street Unification through storefront decoration contests
 - Milwaukie Lights Walk
 - First Friday Market Support
 - New business welcome wagon
- DAM representatives presented their 2026 focuses to city staff and Councilor Stavenjord on January 12. Their presentation included financial asks to support their 2026 initiatives. The city will review their request internally and incorporate the request into the budget cycle if feasible.
- DAM will present their 2026 work plan to MRCCAC in February 2026.
- DAM has launched the [Milwaukie Lights Walk installations](#). Current installations include:
 - Dala Horse, outside of Key Bank on Main St.
 - Geo-Jelly, between Saffire and Broken Arrow Archery
 - Crystallography, The One Vintage Store
 - Music is Rebellion, B-Side Records and Vintage

Ongoing Initiatives

- DAM, in collaboration with Mayor Batey, is running point on ribbon cuttings for new businesses around downtown.
- DAM, with input from city staff, has developed a new business welcome packet. DAM intends to deliver the packet in-person and serve as a navigation resource for new businesses in downtown.

Business Updates

- [Giving Cafe & Bistro](#) recently opened at the old Ovation location.
- The sale of the Collectors Mall, along with the adjacent store fronts, closed in late summer 2024 and is actively soliciting for new tenants in the vacant spaces: [Updated Lease Flyer](#)
 - The property owner submitted an [Oregon Main Street](#) grant on March 13, which was supported by the city, to receive funding for restoring the building façade.
 - The property was awarded a \$400,000 Oregon Main Street grant on June 10.
 - The property at 10909 and 10933 SE Main St (corner of Main St and Monroe St) received land use approval for facade improvements and has submitted building permits for facade and interior tenant work to both demolish and construct new partition walls and tenant suites.
 - MRC approved a \$400,000 storefront and tenant improvement grant for the eight suites on December 2.
- Historic City Hall: [pFriem Beer](#) and [Keeper Coffee](#) are officially open as of April 7. The final tenant, [Circsus](#), opened in August.
- The former Chase Bank property (10900 SE 21st Ave) was sold. The Planning Commission held a public hearing on the new owners' [land use application](#) for a 45-unit residential development on May 13, 2025. The project was approved at that hearing. The site is demolished, and permits have been submitted for the new development.
- [1847 Food Park](#) located at 1925 SE Scott St is under construction, with an anticipated opening sometime later this winter.
 - Migration Brewing was [announced](#) as the anchor tenant for the food park.
- [11138 SE Main Street \(Sapphire\) and 11222 SE Main Street \(Broken Arrow Archery/USPS\)](#) sold and the new owners have not proposed any changes or development plans.
- Suburban Exploration Inc, DAM, and City Staff have been collaborating on updating many, if not all, of their storefronts and interior spaces. There will be more suite spaces opening up for businesses very soon.
 - Mike Richardson is moving forward with design and planning for a pop-culture museum at 10818 Main St.
 - A new business, Brooklyn Barber and Drum, has moved into their 10951 SE 21st Ave space. The property owner previously leveraged the storefront improvement grant program to update the exterior and attract a new tenant. Now, Brooklyn Barber and Drum is leveraging the tenant improvement grant program to update the interior

and prepare for opening. They will likely open in March 2026.

- After leveraging the storefront improvement program to update the exterior of 10957 SE 21st Ave, the space has generated much interest from prospective tenants. However, in response to feedback from prospective tenants, the property owner has applied for a tenant improvement grant to add an ADA accessible bathroom and HVAC. They will create a move-in ready space for the future tenant.
- Milwaukie Station: All cart spaces are currently occupied.
 - The final lease with the Johnson Group ends in fall 2026. The Johnson Group is actively seeking possible groups to assign its management agreement with the City (City Approval is also required)
 - City Council discussed the future of Milwaukie Station at the September 2 regular session, choosing to explore an outcome where it remains a food truck pod for now.
 - Two storefronts are for lease at the property owned by Lee Holzman, on the corner of Scott and Main. The roof will be replaced at the end of January to bring a fresh upgrade to the building. Additional updates are in the works.
 - The property welcomed a new business in fall 2025, K.MARIE.
 - Two of the five spaces are for lease.
- Libby's Lounge is for sale for \$2.5 million.
- 1,000 – 3,000 sf of office space is for lease at 1912 SE Monroe St.
- Vital Element, a retail and jewelry show room, has moved their operation into the upper floor of the 2027 Jefferson St building.

City Updates

- To help with the uptick in visitation, staff created a new public [parking map](#) that highlights the parking and transit options in and near downtown.

Milwaukie Marketplace:

- Kimco officially sold the marketplace to [Lincoln Property Company](#) (LPC), a Texas based commercial real estate company, in February. Staff is working with LPC on building new partnerships.
- Shari's Café & Pies has closed - <https://www.oregonlive.com/business/2024/10/struggling-sharis-cafe-pies-closes-additional-locations.html> - There are no updates on a future tenant yet.
- Pietro's Pizza renovated the old McGrath's Fish House. The new location is open.
 - Highlight: Planning staff assisted Pietro's with moving/approving their "historic," non-confirming sign, so that it could follow them to the new location.

- Milwaukie Marketplace is in the final design phase for PGE's Business Make Ready program. The project will result in 8 electric car parking spots. Economic Development and Natural Resources staff are working with both PGE and the Property Owner to help make this happen.
- Permits for tenant improvements have been submitted for two new tenants: Ross Dress for Less and Club Pilates. Both permits are currently in review.

Enterprise Zone:

- The Overland Van Project was featured in Clackamas County's [Business Spotlight series](#), which highlighted the impacts of the enterprise zone and the county's Business Development Grants. Both Overland Van Project and Stumptown were Milwaukie-based recipients of the 2024 Business Development Grants.
- Assured Dental Laboratory Inc. received approval for their enterprise zone project in February 2026.

Urban Renewal Area Economic Development Programs:

- Grant program information can be found here: https://www.milwaukieoregon.gov/departments/economic_development/business_improvement_grants/index.php
- The Milwaukie Redevelopment Commission Citizen Advisory Committee (MRCCAC) convened in February and May to discuss updates on the business improvement grant program, resulting in a rebranded and new grant program: Business Consulting & Support Services and a Community Placemaking Grant.
- The MRCCAC and MRC convened in November and December to review and approve a large grant request for the redevelopment of 10909, 10921, and 10933 SE Main St.
- The initial budget (\$600,000) for the programs was expended by spring 2025. Staff requested additional funding in August to continue the momentum and success of the programs. The grant fund was replenished with \$1 million for fiscal year 25-26.
- Since launching in August 2024, the program has served 30 applicants with approximately \$1,187,050 in grant funds

CET Economic Development Programs:

- Grant program information can be found here: https://www.milwaukieoregon.gov/departments/economic_development/business_improvement_grants/index.php
- The City launched the CET funded grant programs in October 2025, allowing city wide applicants to benefit from the grant programs.
- The initial budget is \$600,000 for CET grants.
- Since launching in October 2025, the program has served four applicants with approximately \$37,759 in grant funds.

HOUSING

Affordable Housing

Sparrow Site:

- On January 7, 2025, the council adopted the following development goals:
 - Affordable Homeownership models that serve households earning up to 80% Area Median Income (AMI)
 - Unit Mix. Preference for family-size units.
 - Equity in contracting and workforce development.
 - Preservation of tree canopy.
 - Sustainable design.
 - Affirmative outreach.
 - Minimize need for city financing.
 - Project delivery that is as soon as practicable.
- On August 15, 2025, staff released a competitive Request for Proposals (RFP) for the Sparrow Site. Proposals were due on October 22, 2025, giving respondents just over nine (9) weeks to compile proposals.
- On November 21st, staff posted the Notice of Intent to Award to DevNW was publicly posted to all RFP respondents on the city's procurement portal. The December 16th consent agenda will include a request to council for authorization to award and negotiate a development agreement with DevNW.
- The city released a news release on January 9, 2026, announcing the selection of DevNW to develop the Sparrow Site: [DevNW Selected to Develop Sparrow Site](#)
- Staff is drafting a Disposition and Development Agreement that will lead to legal review and negotiations with the developer over the next few months and will ultimately determine the terms, schedule, and sequencing of the project.

Coho Point:

- The Developer presented an update to the city council during its February 21, 2023, work session and 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 officially extended to March 31, 2024.
- Staff were notified on May 10, 2023, that Black Rock had submitted the CLOMR to FEMA. The review process typically takes several months, and FEMA has requested additional information from the applicant in September 2023, January 2024, and March 2024. The applicant has 90 days to address FEMA's comments and resubmit. In order to allow for the completion of the CLOMR/FEMA process, the City agreed to a fifth due diligence extension of December 31, 2024.
- Given that FEMA has expanded the scope of the CLOMR, Black Rock and the city agreed to an additional extension through June 2025.
- Black Rock received CLOMR approval from FEMA in March. Since that time, the developer has been working through next steps on their financing, due diligence items, and their timeline to construction. Staff have also been coordinating efforts between Coho Point and Kellogg Dam as the two projects could potentially end up with similar construction timelines, depending on how long it takes to confirm financing on both.

- The developer, Farid Bolouri, has received an additional extension to the due diligence period through January 31, 2026.
- Farid Bolouri provided an update to council on October 7th stating that another 12- to 18-month extension will be needed, due to difficulties financing the project. Approving such an extension would mean the due diligence period continues until sometime between January and June of 2027.
- As of January 31, 2026 the City and Black Rock Development no longer have an active development agreement. The City Council decided not to extend the due diligence period for a seventh time so the existing agreement has expired.
- The City will be working on a new plan for that site in the coming months, but nothing is determined at this time.

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 released its inaugural competitive bid process for CET funds through a formal Request for Proposals (RFP). This resulted in Hillside Park Phase I being awarded \$1.7M (requested \$2M) and the Milwaukie Courtyard Housing Project (Now called Milwaukie Shortstack) with \$300K (requested \$600K).
- On March 7, 2023, the city council authorized the city manager to execute the necessary grant agreements in the amounts listed above. The grants agreements for both projects have been signed and executed, and initial funding disbursements have occurred. Staff will now work with the applicants to ensure that their projects meet the conditions for funding.
- In recent conversations with staff (February 18, 2025), the Council has directed staff to support the development of the Sparrow site with affordable housing related CET Funds.
- A portion of the Economic CET related funds will be programmed for a city-wide business grant program (outside the URA). The CET grant materials are live on the city website. Staff will begin accepting applications October 1, 2025.

Housing Production Strategy Implementation:

- Affordable Housing Code Incentive Package: ZA-2025-003: A Type V code amendment package proposing a new code section with targeted code incentives for affordable (income-restricted) housing. Council voted to adopt the code package on September 2 and the code amendments were effective immediately per Ordinance 2256.
- The city was awarded a grant from DLCD to implement the HPS strategy to "increase capacity in the Residential High Density (R-HD) zone." Milwaukie seeks to revitalize its underdeveloped R-HD zone by conducting a pro forma analysis to determine feasible densities, adjusting zoning if needed, identifying tools to support redevelopment of underutilized parcels, and exploring rezoning additional land to R-HD to meet housing needs

and encourage higher-density residential development. The city was matched with the consulting firm EcoNW for the project. The initial scoping meeting with the consultant was on December 3. Staff and the consultant have refined the scope based on initial review by DLCDC, which included budget constraints due to the number of applications funded. Based on this discussion, the project will have two consecutive phases, with the first phase being funded by DLCDC. Phase 1 will include a code audit and will identify issues and opportunities and potential areas for changes to zoning designations or regulations; Phase 2 will gather feedback on those potential changes as appropriate, refine the recommendations, and advance text and/or map amendments through drafting and adoption if warranted. Phase 1 is estimated to be complete, with a summary of opportunities and barriers and preliminary recommendations, near the end of the summer, with Phase 2 beginning just after it.

- In November, staff and Council had an initial discussion about Land Banking that continued at the January 6 Work Session. Staff will continue working toward formalizing a land banking strategy and bringing an update to council this Spring.

Land Banking Strategy:

- The Housing Production Strategy includes the creation of a land banking strategy. Staff presented a recommended “middle-ground” approach to council on 11/18/2025, and council had a follow up discussion on 01/06/2026 where council directed staff to proceed developing a land banking strategy that follows the “middle-ground” approach.
- Staff will come back to Council in spring 2026 to present a draft outline for the land banking strategy.

Moderate Income Revolving Loan Fund (MIRL)

- At the November 18th Regular Session, staff and Council discussed the MIRL program and Council decided to hold off until after the new rule making is issued sometime, next year. Council agreed to revisit sometime in March or April.
- Staff continues to monitor the rule making updates coming from OHCS as well as conferring about the program with other jurisdictions such as McMinnville, Newberg, Bend, Portland, Wilsonville, and HACC.

There are also many HPS updates included in the City Council Affordability Goal and quarterly updates.

PLANNING

Comprehensive Plan Implementation

- Neighborhood Hubs: After a robust community engagement process the City adopted code and zoning amendments in August 2024, to expand opportunities for small businesses outside primary commercial areas, responding to community interest in having more businesses close to home. Since then, Council and staff have discussed next steps for the Hubs initiative. Staff has updated the [Temporary Use Permit application](#) to create more opportunities for micro-scale commercial activities in neighborhoods. Since 2024, five applicants used the program for temporary uses in neighborhoods such as the Bear Naked Bagel Company at 8684 SE 41st Ave and Resilient Seed Farmstand at 10244 SE 43rd Ave. Staff plan to promote the program again in the spring, when outdoor activities are more feasible. As noted in the Housing Production Strategy update, the City received a grant to study redevelopment barriers and opportunities in Residential High-Density (R-HD) zones, most of which are near small-scale commercial areas. Increased development in the R-HD zone could create additional opportunities for new businesses.

Transportation System Plan (TSP)

- The TSP kicked off in October 2023. The Technical and Advisory Committees met 11 times over the course of two years and have concluded their meetings. Staff and their consultant have developed a draft TSP document. The draft is a compilation of all the work the work that has occurred over past two years. The draft was posted on Engage Milwaukie for the first two weeks in January. See the land use application summary below under Planning Commission, file #CPA-2025-001, for public hearing dates.

Planning Commission

- ZA-2025-004: A Type V code amendment package of “housekeeping” amendments proposing clarifications and corrections in both the land division and zoning codes. At the December 9 public hearing, the Planning Commission unanimously voted to recommend approval of the code amendment package. The City Council held a hearing on January 20, where the code amendments were adopted by a unanimous vote, effective immediately.
- ZA-2026-001: A Type V code amendment package of “minor policy” amendments proposing changes to various sections of the zoning code. A work session with the Planning Commission to begin the discussion has been scheduled for February 24.
- CPA-2025-001: A Type V application to adopt the new Transportation System Plan. The initial public hearing with the Milwaukie Planning Commission was held on January 27, 2026, where the Commission voted unanimously to recommend approval of the TSP. The City Council public hearing is scheduled for March 3, 2026.
- CU-2026-001: A Type III application to formally establish a new martial arts training facility at 5484 SE International Way in the Business Industrial (BI) zone, which requires a conditional use approval. Public notice was mailed on February 4, 2026. and a public hearing with the Planning Commission has been scheduled for February 24, 2026.
- CSU-2026-001: A Type III application to establish a new charter school (Clackamas Web Academy) at the former Bob's Red Mill whole grain store and restaurant at 5000 SE International way in the Business Industrial (BI) zone. The application was deemed incomplete on February 2, 2026, because the submittal lacks a required Transportation Impact Study.

Land Use/Development Review¹

- VR-2025-013: A Type II variance application has been submitted to reduce the side yard setback for a deck at 4515 SE White Lake Rd. The application remains incomplete at this time.
- VR-2025-014: A Type II variance application has been submitted to allow an 8-ft fence along a portion of the perimeter of the property at 5860 SE King Rd. The variance request was approved with conditions limiting the area where the 8-ft height is allowed, and the notice of decision was issued on February 6, 2026. The appeal period ends on February 23.
- DEV-2026-001: A Type II development review application has been submitted for a new 7,440 sq ft industrial building and associated site work at 5965 SE Harmony Rd to be used as a contractor's headquarters. Public notice has been sent, with comments due on February 25.
- EXT-2026-001: A Type II application has been submitted asking to extend the land use approval for a parking modification for the proposed cottage cluster development at 9815-9833 SE 17th Ave (originally approved on March 8, 2025 – P-2024-001). Public notice has been sent, with comments due on February 12.
- MHL-2026-001: A middle housing land division application was received to divide the property located at 9604 and 9608 SE Stanley Ave into four tax lots. The application is in completeness review.
- VR-2026-001, P-2026-001, and P-2026-002: Type II applications have been submitted for the Monroe Cottages development on Monroe St. A parking modification application seeks to exceed the maximum parking ratio of 1:1 to allow a 1.5:1 ratio, for a total of 66 parking spaces for 44 units. The additional parking requires an associated variance to increase the maximum impervious area on the site from 60% to 66%. The application materials state that all minimum landscaping and tree canopy requirements would be met. A Type I application seeking a reduction in the number of long-term bicycle parking spaces, for a ratio of 1:1 rather than 1.5:1 was included in the application package. The application was deemed complete. Referrals and notices will be mailed on February 18.
- VR-2026-002: A Type II variance application has been submitted to reduce the rear yard setback by 10%, from 20 ft to 18 ft, at 9608 SE Stanley Ave. The application is in completeness review.

Senate Bill 1537: [SB 1537](#) is a Housing Production Bill passed in 2024 as part of the state's ongoing efforts to address Oregon's housing crisis. The legislation introduces measures aimed at increasing housing production and affordability. It requires local governments to grant adjustments (variances) to specific development and design standards applied to the development of housing if the application meets certain conditions. On April 9, 2025, the City requested an exemption from SB 1537 from the Housing Accountability and Production office (HAPO). The request was approved with conditions on August 7, 2025. The City will continue applying its local processes to review adjustment requests in lieu of the mandatory adjustment provision of SB 1537, except in the few places that the City's existing adjustment (variance) regulations are superseded by the Mandatory Adjustments provisions, particularly in the DMU zone. Staff is required to notify prospective applicants of residential development of the HAPO decision. A webpage has been created to provide this information:

https://www.milwaukieoregon.gov/departments/planning/oregon_senate_bill_1537.php

¹ Only land use applications requiring public notice are listed.

DEVELOPMENT SERVICES

PRIVATE DEVELOPMENT

Hillside Park

Construction of Phase 1 for this project is underway, and includes 3 new buildings, and their associated public improvements. Building C has been completed and Buildings A and B are nearing completion and are on track to open in April. Public improvements for this development include utilities, new roadway alignment, new sidewalk, ADA ramps, and new asphalt paving. Permits have been submitted for Phase 2, which includes 4 new buildings, new roadway

alignment, and open space areas. A pre-application conference has been scheduled for a proposed development on Lot G adjacent to 29th Ave.

1847 Scott St Food Park

This new food park will provide up to 17 spaces for food carts, a new tap room and a covered canopy shelter, parking area, and frontage improvements. Frontage improvements include new sidewalks, and a new ramp at Main and Scott. The tap room and covered seating area are nearing completion. Other site improvements are planned for completion over the next several weeks.

Middle Housing Development – under construction

Monroe Cottages – adjacent to 5606 SE Monroe St

This is a cottage cluster development of five clusters totaling 44 cottages, an access drive, 44 parking spaces, and required common areas and bike parking. The middle housing land division creating separate lots for each cottage has been approved and the final plat has been submitted to the county for recording. Site work on the access drive and utilities has begun, and submittal of building permits for the cottages is expected soon. See item above related to a land use application for parking modifications and a variance to impervious area on the site.

11625 SE 27th Ave

This is a detached duplex development with 4 parking spaces (double-car garage and two driveways). The property had a single detached dwelling, and a second detached unit was added. The property was also divided through a middle housing land division.

10980-10998 SE Stanley Ave

This is a detached quadplex development with eight parking spaces (garages and driveways).

12201-12207 SE River Rd

This is an attached duplex development with four parking spaces (garages and driveways).

10614 SE Home Ave

This is an attached quadplex development with 2 parking spaces.

5041 SE King Rd

This is an attached triplex development with six parking spaces (garages and driveways).

4409-4411 SE Llewellyn St

These are two attached triplexes with garages and driveways.

2845 SE Harrison St

This is an attached triplex with no off-street parking spaces.

BUILDING PERMITS

Permit data for	January	FY to Date:
New single-family houses:	0	8
New ADU's	0	8
New Solar	1	19
Res. additions/alterations	7	53

Commercial New	0	4
Commercial Alterations	0	29
Demo's	0	7
Cottage Clusters	0	0
Townhouses	6	15
Duplexes	0	0
ROW/EC/FUP	13	195
(includes fire, electrical, mechanical, plumbing, and other structural)		
Total Number of Permits issued:		1124
Total Number of Inspections:		4082
Total Number of active permits:		1240

CIP 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: Punch list items have been finalized. AKS is finalizing the as-built drawings, GIS files, and other final deliverables. Pending on retainage wall at 2746 SE Washington to be finalized before finishing remaining improvements at this location (sidewalk, fence, gate, and shrub installations).

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: The Meek Street project is complete.

CIP 2022-W56 Harvey Street Improvements

Summary: The project includes water improvements and stormwater improvements on Harvey Street from 32nd Avenue to the east end, on 42nd Avenue from Harvey Street to Johnson Creek Boulevard, 33rd Avenue north of Harvey Street, 36th Avenue north of Harvey Street, Sherry Street west of 36th Avenue, 41st Street north of Wake Court, and Wake Court. Sanitary sewer work will be done on 40th Avenue between Harvey Street to Drake Street. The project also includes the installation of an ADA compliant sidewalk on Harvey Street from 32nd Avenue to 42nd Avenue and 42nd Avenue from Harvey Street to Howe Street. Roadway paving will be done throughout the project area.

Update: Tapani has received the notice to proceed from the City of Milwaukie. Tapani started mobilization of equipment on January 5th, 2026. They have installed the sewer pipe. Tapani has started stormwater work from 33rd Avenue and will start stormwater work at 40th Avenue.

CIP 2021-W61 Ardenwald North Improvements

Summary: Project includes street repair on Van Water Street, Roswell Street, Sherrett Street, 28th Avenue, 28th Place, 29th Avenue, 30th Avenue, and 31st Avenue with a shared street design for bicycles, pedestrians, and vehicles. The sidewalk will be replaced on the north side of Roswell Street between 31st and 32nd Avenue. Stormwater catch basins in the project boundary will be upgraded, the water system will be upsized on 29th Avenue, 30th Avenue, 31st Avenue, and Roswell Street, 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: Ardenwald North Improvements project is complete.

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, replace water pipe, and reconstruct roadway surface.

Update: Clackamas River Water's work has been completed in January 2025. The contractor is working on potholing the entire corridor to identify all utility conflicts. As part of this proactive approach, the contractor, the designer, the city and Northwest Natural coordinated a second round of gas line relocations to prepare for the storm water project.

Safety along King Road and especially on construction zones is now a concern, construction crews have experienced higher than posted speeds, vehicles not slowing within construction zones, and one vehicle stuck in an open trench. The city approved the addition of a 25 mph speed limit sign on construction zones. If these vehicular behaviors persist the city engineer will consider implementing a temporary traffic regulation to reduce posted speed limit to 20 mph on King Road between 43rd Avenue and Linwood Avenue until construction is completed.

The contractor has started the demolition of sidewalks and driveways on the north side of King Road west of Lindwood. The storm system work started with the installation of catch basins and manholes up to Stanley Avenue, the next step is the installation of new storm pipes, and preparing curbs, and base for the multiuse path.

There has been extensive community outreach, there is a biweekly post on the city's project website, and a biweekly email to the email list of community members and business in the area. There have been multiple call from community member where the contractor, the CIP engineering department and the water department had reached out to inspect and provide answers to property owners and business owners.

CIP 2025- First Fish Herons

Summary: As part of the IGA with the Confederated Tribes of Grand Ronde (CTGR) and the third phase of the Milwaukie Bay Park design the Engineering department is working with the Cultural Resources Department of the Tribes to complete the design and construct three art plinths for seasonal art exhibitions.

Update: In January 2026 the final design of the plinths and the cover pyramid were approved by CTGR. The contractor completed the engineering design for the pyramid cap and the plinths. The city is waiting on the contractor's schedule to start construction and understand the length of it.

In later conversations the need to document the possible impact of the plinths in the flood area management zone was identified. The planning department and the CIP engineering group are working to expedite the process and identify the appropriate documents require to keep the project moving forward.

CIP 2024-T64 Stanley Avenue Improvement Project

Summary: This project is a collaboration between the Clackamas County Development Agency and the City. The work will comply with the IGA signed in 2024. The limits of the project will be from

King Road to Johnson Creek Boulevard. The County will lead the design stage while the City will lead the construction stage.

Update: The county completed the bidding process for the selection of the consultant during June and July 2025. The bid to design Stanley has been redesignated to Otak. The City and County are drafting the scope and fee for the design that will start in Spring 2026.

Line 33 – Better Bus Project (TriMet)

Summary: As part of the Better Bus Project TriMet and Clackamas County are working together to bring Transit Signal Priority (TSP) to the Line 33 bus. This will improve reliability and reduce the delays the route currently experiences.

As part of this project, TriMet is consolidating bus stops and retrofitting the infrastructure of the route. A consolidation of bus stops will take place on SE Harrison Street between 26th Avenue and OR 224. Two eastbound and two westbound stops will be consolidated into a one bus stop at 2816 SE Harrison Street by the Bridge City Community Church

The Engineering and Planning Departments are working closely with TriMet and Clackamas County evaluating the design and helping coordinating permits and utility relocation.

Update: TriMet sent the communication design plans describing the route of the fiber optics network for the City review. The city assistant engineer and CIP engineering reviewed the plans and did not have any comments for TriMet.

A new set of civil plans will be shared with the city for review.

CIP 2023-X41 Waverly 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 pipes.

Update: Easement discussions with lot owners being scheduled for last two weeks of February. Once easements are in place then we will bid the project.

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 our 2.2-mile section of the Monroe Greenway from the Trolley Trail to Linwood Ave. The Clackamas County portion of the Greenway, from Linwood Avenue to Fuller Road, has moved to the construction phase.

Community Engagement:

Open-Houses were hosted on February 29, 2024, for the Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project, and on September 12, 2024, for the East segment of the Greenway. The City received mixed feedback

for moving forward with the project. Feedback from February and September 2024 open houses has been incorporated into the design and city staff prepared an engagement plan to share with the public in October 2024. City staff presented the status of the East Segment of the Monroe Greenway (Washington-Monroe Greenway) to the City Council on December 3, 2024. Members of the public attended the presentation and participated in the public comments portion of the city council meeting.

Staff sent a mailer to residents with frontage along the East Segment in March 2025 to provide early warning for potential impacts to fences, mailboxes, and landscaping in the right-of-way. A second mailer will follow closer to construction with additional information for residents.

Staff hosted a drop-in Open House October 22, 2025, from 5-6:30 pm in the Community Safety Building for the Central Segment of the greenway. Roughly 20 people attended. Feedback largely included additional safety measures such as raised crosswalks and additional speed bumps.

Segment Update:

East Segment (37th to Linwood): Staff have come to an agreement with ODOT, who has contracted CONSOR for the design. CONSOR has submitted the Design Approval Package to ODOT (approximately 60% design). The Plans, Specifications, and Estimate (PS&E) submittal was provided to ODOT in August 2025 and is under review by ODOT and City staff. Final project design is expected in April 2026, and the project is expected to go to bid in Summer 2026 with construction starting in Fall 2026.

City staff applied for approximately \$1.7 million of additional funding through the Regional Flexible Funds Allocation (RFFA) grant program to mitigate scope reductions due to inflation. Approximately \$1.5 million was awarded. Updates to the Statewide Transportation Improvement Plan (STIP) and Metropolitan Transportation Improvement Plan (MTIP) were adopted in July 2025. Priorities for the additional funding include paving, a flashing beacon at the 37th Avenue/ Washington Street Crossing, and sidewalks on Monroe west of Garrett to complete the Monroe sidewalks from the greenway/bikeway to 37th Avenue.

Monroe Street & 37th Avenue (34th to 37th): This segment is complete. It was constructed as part of the private development of the 7 Acres Apartments. Missing handicapped parking sign will be installed with central segment development.

Central Segment (21st to 34th): The city and ODOT have signed an IGA that will transfer \$1.55 M in STIP funding to the city to construct this segment of the Monroe Street Greenway. City staff have contracted with 3J Consulting to negotiate work at the Oak Street and 37th Avenue railroad crossings and agreements for Union Pacific Railroad plan review are in place. Comments from the October 2025 open house are being incorporated into early designs for the railroad crossing and will be submitted for railroad review in Winter 2026.

Resolution 30-2025 was adopted at the June 17, 2025, City Council Meeting, approving a contract with Burgess & Niple, Inc for up to \$472,865 for the design of the central segment of the greenway. City staff reviewed the 30% design plans and provided feedback to Burgess and Niple, Inc. City staff will begin communicating with property owners along the route in the coming months regarding potential impacts to parking, traffic patterns, and added trees along the route. An open house will be held April 9 from 5-6:30 pm in the public safety building community room. Construction is anticipated to begin in Summer 2026.

Monroe Street & Highway-224 Intersection: This portion of the project was combined with a larger ODOT project to mill and overlay Highway-224 from 17th Avenue to Rusk Road in Fiscal Year 2026. The City received early concerns regarding the development of Highway-224 and Monroe Greenway pushing traffic from Monroe Street onto Penzance Street. The water main in Monroe Street underlying Highway 224 was replaced by pipe bursting in December 2024. Construction of the diverter at Highway-224 was completed in Summer 2025 and signal updates are underway. Staff have received complaints about removing left turns on Monroe and communicated those complaints to ODOT who modified nearby signal timing to compensate for new traffic patterns at Monroe Street.

Downtown Monroe Greenway (Trolley Trail to 21st Avenue): The city is investigating funding to enhance the Monroe Greenway through downtown Milwaukie.

Railroad Avenue Multiuse Path

Summary: The TSP identifies a separated multi-use path on the north side of Railroad Avenue between 37th Avenue and Linwood Avenue as part of the bicycle network.

Update: Staff successfully applied to the 2028-2030 Metro Regional Flexible Funding Allocation (RFFA) grant program for \$2,707,217 for design of the multiuse path. Staff will work with Metro as necessary leading up to project kick-off in 2028. Local match requirement for the grant is \$309,853.

Linwood/Harmony/Railroad Intersection

Summary: The TSP identifies safety improvements to the Linwood/Harmony/Railroad intersection. The project is located at the City boundary and will require coordination with Clackamas County and ODOT Rail to execute. Staff have coordinated with Clackamas County and are programmed to receive \$750,000 from Clackamas County in FY2027 to update a previously completed study.

Wastewater Pump Station Evaluation and Upgrades

Summary: The City maintains a wastewater collection system which includes 5 pump stations: Island Pump Station, Harrison Pump Station, Home and Monroe Pump Station, Brookside Pump Station, and 55th Avenue Pump Station. The 2022 Wastewater Master Plan identified potential deficiencies in the city's wastewater collection system and pump stations and suggested upgrades to the pump station's instrumentation and communication, electrical systems, mechanical pumping and/or seismic resiliency. The Brookside Pump Station equipment is near its end-of-life and emergency repairs at the Brookside Pump Station are causing operational burdens to city staff. A Request for Qualifications for an on-call wastewater collections engineering firm closes January 29, 2026. The consultant may be asked to assess the 5 existing pump stations, determine repair/rebuild costs, retrofit the Brookside Pump Station to meet current city public works standards, rebuild the Island Pump Station, perform other facility maintenance as identified, and/or to assist with a new sewer pump station as part of the Kellogg Creek dam removal project.

Water Program

Summary: The City has identified water projects in the Capital Improvement Plan 2025-2030, including but not limited to: PFAS treatment evaluation and design, rehabilitation or reinstallation

of Well 8, pump station evaluation and upgrades, pressure zone analysis, evaluating and negotiating an intertie with Oak Lodge Water Services, siting and design of additional water storage capacity for the City, seismic and climate resiliency of the water distribution system, and identifying funding sources for the programmed water work. In March 2024 the City contracted Water Systems Consulting, Inc. (WSC) and RH2 Engineering, Inc. (RH2) for \$3,000,000 each to support the City with funding and completion of the water projects identified in the Capital Improvement Plan 2025-2030. The City met with WSC and RH2 through 2024 and 2025 to develop a program charter, review and prioritize projects, and identify funding sources.

Water Treatment Upgrades:

Water testing indicates that PFAS treatment will be required at both the upper and lower treatment plants. The lower treatment plant does not have sufficient area to add PFAS treatment, therefore the upper and lower treatment plants will be combined at the upper treatment plant. Combining the water treatment plants carries efficiencies in safety upgrades as well as long-term operations. Raw water will be diverted from the lower treatment plant to the upper treatment plant, which will be upgraded and sized to treat all water for PFAS and VOCs. PFAS treatment column testing will begin in March 2026. Engineering staff are reviewing alternatives for chlorination at the new plant for safety, ease of operations, and cost-effectiveness.

Funding:

In February 2025 council adopted resolution 13-2025 accepting \$125,000 of federal funds through the State of Oregon to complete a PFAS feasibility study.

In February 2025 the City submitted a letter of interest to BizOregon, identifying \$27,000,000 of improvements to the city's drinking water infrastructure that would be eligible for funding through the Safe Drinking Water Revolving Loan Fund (SDWRLF). Council adopted resolution 44-2025 to apply for \$6,000,000 of funding through the SDWRLF to fund construction of a raw water pipeline to direct water from the lower treatment plant to the upper treatment plant, equipment purchase, and site preparation for the water treatment upgrades at the upper treatment plant. City staff presented the raw water pipeline project to the Infrastructure Finance Authority Board on January 30, 2026 and the partially forgivable loan was approved. BizOregon is preparing loan documents for City review.

The city is reviewing eligibility for the funding for the design and construction of PFAS treatment through the Safe Drinking Water Revolving Loan Fund Emerging Contaminants (SDWRLF-EC) loan administered by Oregon Department of Environmental Quality.

Kellogg Creek Restoration and Community Enhancement Project

Summary: Project to remove the Kellogg Creek dam, replace the McLoughlin Blvd. bridge, improve fish passage, and restore the wetland and riparian area. City of Milwaukie staff are part of the project Leadership Team, Core Technical Team, Design Coordination Team, and the Technical Advisory Committee. The Leadership Team and Core Technical Team both meet monthly. The Design Coordination Team meets bi-weekly. In addition to city staff, these groups include staff from North Clackamas Watershed Council (NCWC), Oregon Department of Transportation (ODOT), and American Rivers. The Technical Advisory Committee (TAC) for the Kellogg Creek Restoration & Community Enhancement Project involves all collaborative partners that include the Confederated Tribes of the Warm Springs Indian Reservation of Oregon, the Confederated Tribes of Grand Ronde, Clackamas Water Environment Services, Metro, North Clackamas Parks and Recreation District, Oregon Department of Environmental Quality, Oregon

Department of Fish and Wildlife, Oregon Division of State Lands, the Native Fish Society, and the Natural Resources Office of Governor.

- The 30% project design package was submitted to all project partners for review on June 18, 2025. The city as well as all other project partners provided review comments to the design team, which were prioritized and discussed at a design workshop on 07/03/25.
- Also in June 2025, the project team submitted appropriations requests to each of Oregon's legislators, each of which were supported for the next steps in the appropriations review process.
- On October 7, 2025, Council issued a letter to the Kellogg project team requesting a project update and discussion on topics including: funding, timeline, sewer line relocation, use of URA and Metro funds, shared use path, and the project's charter and decision-making process.
- A Technical Advisory Committee (TAC) meeting was held in November 2025.
- At the December 16, 2025 work session, Council received an update from the Kellogg design team on topics including project funding and schedule, design updates, sewer line relocation strategy, shared use path inundation, and Q&A.
- Next steps are:
 - The Kellogg team to submit written responses to the 10/7/25 Council letter (expected in early February 2026),
 - Council to provide direction to Peter and Jen on the CIP budget process, in light of the sewer line relocation discussion, and
 - Kellogg design team to come back for another update in 2Q 2026.
- In January through April of 2026, the design team's Geotech contractor (GRI) is conducting exploratory drilling in and around the impoundment. Some of the upcoming drilling will occur on private property. North Clackamas Watersheds Council (NCWC) has assisted with outreach to property owners and ultimately, ODOT is the entity that is arranging for right-of-entry permits for this work.
 - Tom Gayne with GRI is the onsite contact if there are questions or concerns about the drilling scope: 360-601-7884.

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

Downtown Trees and Sidewalks

Update: Staff have a contract with AKS; working on what type of design works best now and in the future with both the trees and sidewalks & curbs.

Document Administration

Summary: WSC is preparing the Stormwater System Plan.