

Portland Planning and Sustainability Commission

January 9, 2018

12:30 p.m.

Meeting Minutes

Commissioners Present: Jeff Bachrach, André Baugh, Ben Bortolazzo, Mike Houck, Katie Larsell, Andrés Oswill, Katherine Schultz, Chris Smith, Eli Spevak, Teresa St Martin

Commissioners Absent: Michelle Rudd

City Staff Presenting: Susan Anderson, Barry Manning, Shannon Buono, Bruce Walker, Arianne Sperry

Chair Schultz called the meeting to order at 12:30 p.m. and gave an overview of the agenda.

Documents and Presentations for today's meeting

Items of Interest from Commissioners

- *Commissioner Oswill* was in California and met staff in San Francisco who run a historic preservation program. It was interesting to learn about it, and it's relevant to low-income retail conversations we've had with Prosper Portland. I'm going to see if there are additional things from their program that could be integrated here.

Director's Report

Susan Anderson

- We won't have a PSC meeting on January 23, so the next PSC meeting is February 13.
- The last CC2035 Plan hearing at Council is January 18. This is specifically about the amendments that have been proposed. Please let me know if you are planning on attending. See <https://www.portlandoregon.gov/bps/74683> for the information and proposed amendments.
- 2035 Comp Plan: As expected, the DLCD order approving our periodic review submittal was appealed. The two appeals relate to zoning and land use designations in Multnomah Village, zoning on a property near Arnold Creek; community involvement policies; and the middle-housing policies. LCDC will hold a meeting in March to consider the appeals. We are still are planning on a May 24, 2018 effective date.
- Our budget is due at the end of January; we'll have an update for the PSC in February. We're working with the budget office and our key partners on some of the outstanding pieces.

Consent Agenda

- Consideration of Minutes from the December 12, 2017 PSC meeting.
- R/W #7890: Street Vacation Request SW Falcon Street east of SW Barbur Blvd
- R/W #8446: Street Vacation Request SE Grant west of Water Ave
- R/W #8250: Street Vacation of SE Claybourne St east of SE 122nd Ave

Commissioner Smith moved to approve the Consent Agenda. *Commissioner Baugh* seconded.

The Consent Agenda was approved with an aye vote.
(Y9 — Bachrach, Baugh, Bortolazzo, Houck, Larsell, Schultz, Smith, Spevak, St Martin)

Vote for 2018 PSC Officers

Decision: PSC members

Commissioner Bachrach moved the 2018 slate of PSC Officers:

- Chair: Katherine Schulz
- Vice Chairs: Michelle Rudd, Chris Smith

Chair Schultz noted that she confirmed with *Commissioner Rudd* that she is happy with this nomination (even though she's not at today's meeting).

Commission Spevak seconded.

Susan thanked *Commissioner Baugh* for his service. *Chair Schultz* thanked him for his mentorship and support.

Commissioner Baugh thanked everyone for their support. I am continuing on the PSC and look forward to continuing our work.

Chair Schultz encouraged other PSC members to attend the officer meetings, particularly in terms of mentoring and cross-training.

(Y9 — Bachrach, Baugh, Bortolazzo, Houck, Larsell, Schultz, Smith, Spevak, St Martin)

Haulers' Franchise Review

Briefing: Bruce Walker, Arianne Sperry

Bruce introduced the topic. The residential franchise review system was first implemented in 1992 and has been very successful. We began with 69 service companies, and now it's down to 12 due to consolidations and other changes. The current franchise agreement runs through February 2023. But we have a mid-term review period that we have talked about with the PSC. Last June we had a PSC hearing, and in August, Council agreed with the guiding principles. We have launched the review process, which in the past, the mid-term review has a new 10-year agreement, which supersedes the last 5 years of the previous agreement. This year we're looking at diversity of ownership and other issues. We'll share with you how we're going to report to Council in the next 6 months about how we'll be crafting this and our next steps.

Arianne noted this briefing today is an update on the franchise review project. We'll be sending a memo to Council that fulfills the reporting requirement. In the memo, we'll note that we need to do more research to assess interest and availability of other businesses to participate in the franchise system.

In August 2017, Council adopted the guiding principles. Many of our goals for Climate Action Plan are being met, and we're doing well. In terms of cost effectiveness and safety, we're seeing better performance. Our target operating margin is 9.5 percent, but there is not a guarantee. Our study revealed that this operating margin is generally in line with other areas, but we do want to do a bit more looking at this. Safety and environmental upgrades have also been happening, including phasing out old trucks. We're also currently doing a safety test with sideguards on trucks. BPS ensures information is given to customers and services are

available. We have a hotline that residents can call into; we mostly resolve these issues by connecting with haulers. Regarding a resilient and equitable system, we are able to adapt to emerging policy goals with the franchise system and the review we have in place. We can test new program elements and roll them out effectively. We collect and recover a wide array of materials, and we work with the franchisees. We successfully added food scraps almost 5 years before other jurisdictions in the area and have been very successful. Even though the market for recyclables has fluctuated, Portlanders are really good at clean recycling, and clean products are much more widely accepted.

Increase participation of MWESB firms and reduce barriers to entry. We did a study, which is documented in the Draft Equity Options Report. This included a workforce study: current workforce is representative of Portland's overall workforce. Women and minorities are under-represented in management roles. Current franchisees are in tune with and concur with the workforce recommendations in the [handout](#). We feel good about moving these recommendations forward.

We have identified 4 barriers to entry for MWESB firms to the franchise system. From our research, we drafted the equity options report. We need to continue to flesh these out more to get quality feedback from our stakeholders; we also need to improve them so we can better assess the results and answer the research questions as noted in the economic opportunities options in the [handout](#).

There are three package options that we are looking out in our next steps. We're providing these and the questions to Council at the end of this month. Then we'll do the research and get feedback from stakeholders and return to Council with a recommendation in July.

Commissioner Spevak: Thanks for the equity report; it's terrific and a really nice summary of some complicated issues and balancing the City has to do. It shows some of the goals that we've accomplished as well as ones we're wrestling with now. The narrowing down of options works well for me. I understand that layering of additional public benefits can drive up costs. But we've inherited a certain mix of haulers and a system that turns out not to have on-ramps that work well for small and minority-owned businesses, and we need to look at providing opportunities for others if they want to be part of the system.

Commissioner Baugh: I found the report interesting in that this process isn't unique to Portland. That was encouraging to me that we can look to other jurisdictions that have done. In terms of looking at the workforce, we should be looking at Portland's population (e.g. what the employees' zip codes are). I believe we can encourage hiring from the workforce within the city.

In terms of the options, do you have a sense of how long it would take to implement each package? That would be important information to see when we'd achieve the goal.

For Package 3, does this cancel current contracts?

- Arianne: Contracts go until 2023, so we would spend most of the time getting a new system in place. We'd let the current franchise expire in 2023 and get the new system in place then.
- Susan: We'll note how the truck ownership works when we return. We're paying them real-time, so there isn't a residual at the end of the 5 years.

Commissioner Smith: Thank you for including the sideguard project in the program – both staff and the haulers who have been participating. I'm looking forward to the results. I'm also really happy we're looking at equity issues, but I understand that creates financial uncertainty for the haulers. Do we have any tools that can help haulers through this extra time of uncertainty?

- Susan: We've been concerned about this as well and are talking to the City Attorney to see if we can have a couple year expansion to the current franchisees and still make room for the additional 6 months we're taking in looking at the system now. We'll get back to you with this information once we have a response. Also as a reminder, this isn't a land use issue, so the PSC's role is to provide

advice and ideas to Council. I'd encourage the PSC to write a letter to Council after our hearing in May. Thank you for taking the time to review and understand this topic.

Commissioner Houck: I'm pleased that Susan brought up the point that this commission is not just about land use. Thank you for the reminder.

Commissioner Oswill: Under package 1, I know you mentioned one of the barriers was lack of opportunities. So how would you balance the lengthening the franchise agreement without reducing opportunity moving forward? Something I've been interested in is thinking of the environmental impact of the different service areas. As different service areas have been cobbled together, are there meaningful impacts to where different haulers service?

- Arianne: We've talked about what the efficiency gain has been as the system has evolved. We can continue to look into this.

Chair Schultz: I'm very supportive of the extra time you're taking to do the research to do this right. I know it's a bit stressful to extend the timeline, so I'm relieved we're working on a stop-gap to relieve some of the concerns of the haulers in the short-term. Thank you for your work, and we look forward to the next update.

Commissioner Baugh: Have stakeholders come forward with other or different options from what you have provided?

- Arianne: Not yet.

2035 Comprehensive Plan Code Reconciliation Project

Work Session / Recommendation: Barry Manning, Shannon Buono

Disclosures and Conflicts of Interest

- *Chair Schultz* has had recent discussions with Doug Klotz, particularly about circulation and active retail use in Self-Service Storage.
- *Commissioner Smith:* There is another community member who offered me additional unsolicited advice on today's topic.

Barry recapped the previous work sessions at the PSC on November 14 and December 12. Today is a continuation of that with a focus on the last component of the proposal. We then expect the PSC to make their recommendation to Council for the whole project.

Today we're focusing the last outstanding item, Self-Service Storage (SSS) uses.

Barry recapped the testimony the PSC heard about self-service storage uses. There has been a strong demand due to increase in apartments and limited SSS development during recession. He also shared information about where SSS is allowed based on zoning, both in the current zoning and in the 2035 Comp Plan (maps on slides 8 and 9 of the [presentation](#)).

Barry reminded the PSC of their direction and suggestions from the December 12, 2017 meeting.

Commissioner St Martin: In looking at the map of places that have already been permitted, that looks like a lot. Do we anticipate an increasing need?

- Barry: We have over 1.5 million square feet coming online in different locations around the city. We have seen a wave of them; we'll then we a more constrained area that they can be built based on the updated zoning.

There are SSS throughout the city, but particularly in a section of NW Portland and along the corridors. Not many are located in areas that will become a CM zone. So we think we'd only be creating non-conforming uses if we want to limit more in the CM zone. Most are EG, X and CE zones with a few in the I zones.

Commissioner Smith: I'm struggling to understand the use cases as we look at more multifamily living. Is this an important need for 20-minute neighborhoods?

- Barry: My sense is that it is lots of transitional use, but we don't have good data about that.

Commissioner Spevak: Is this a hot topic?

- Barry: We haven't heard much in terms of wanting more facilities. The location, particularly on transit streets and in other areas that could be used more actively, is what we've heard.

Staff's Proposal:

- In the CM3, CE, CX, EX and EG zones require 25% of the ground floor area within 100 feet of a Civic Corridor, Neighborhood Corridor, and Streetcar Line, and on long site frontages within 500 feet of a Transit Station to be in an "active" use;
- Require a minimum 12-foot height and 25-foot depth for the space for the use, and
- Require that the use face and have an entrance on a transit street.

[Active uses: Household Living; Retail Sales and Service; Office; Vehicle Repair; Industrial Service; Manufacturing and Production; Wholesale Sales; Daycare; Community Service; or Religious Institutions.]

Chair Schultz: For the frontage w/in 500 feet of a transit station, how do you interpret being on a transit street?

- Barry: The longest frontage within the radius.

In response to the question about the CM3 zone, we have three options to consider:

- **Option 1:** Limit the total floor area of Self-Storage uses to 50% in the CM3 zone in these locations (e.g. Broadway Furniture).
- **Option 2:** Prohibit Self-Storage in the CM3 zone in these locations.
- **Option 3:** No change to the use allowance in CM3.

A fourth option would be to prohibit fully in CM3.

Chair Schultz: Why did staff support this use originally support this in CM3? On Option 1, can you say it's not allowed on the ground floor?

- Barry: CM3 was intended to translate EX and CX to new zones; these are allowed in the current zoning.

Slide 14 shows where the uses would be potentially allowed (net area where SSS could be allowed). Slide 15 overlays the centers and corridors overlay (where active uses, as proposed, would be required as well as limitations on the overall SSS).

Commissioner Baugh: In terms of the transit streets, there is no prohibition on these streets, correct?

- Barry: Correct. We'll require an active use of ground floor within 500 feet of a transit station.

It would be allowed downtown, but Central City Plan limitations would restrict them.

Chair Schultz: Since you've only found one SSS in what will be a CM3 zone, it just doesn't economically become a highest and best use for that property. Has there been land value analysis in the CM3 zone?

- Barry: We agree that SSS is likely not the highest and best use in these areas. We did take some EX zones and employment/industrial to EG1 in many instances, so we likely captured a number of the current SSS into the new EG1.

Commissioner Smith: I am fascinated by the use cases. Of course, there is also a vast suburban need for SSS. How do we make these good neighbors? Your work has been on track. Is it appropriate for this use in the most intense places? The 50 percent use case is interesting for me.

There was email about the 500 feet and limitations.

- Barry: In our draft code, it would only apply to the portion of the lot in the 500 radius circle, not the whole lot.

I think the whole lot should be either in or out.

Based on the old 7 Dees site on SE Powell, does the code say anything about the SSS having to be attended or not?

- Barry: No, not in code.

Commissioner Baugh: My previous concern is that we have big investments on the transit corridors and in some commercial areas. Downtown has made SSS difficult. We should apply some of that same logic along some of the corridor streets at least for the ground floor uses. I don't think we need to prohibit SSS, but if we make it less cost effective or otherwise difficult, I imagine they won't be built.

- Barry: It sounds like you want a more significant active use percentage on the ground floor. We can't go 100 percent due to access to other floors.

Commissioner Larsell: I'm looking at the CE, and lots of that is on prime real estate in East Portland. I'm a bit worried about CE along 122nd and 82nd. Is CE included in the restrictions?

- Barry: We hadn't proposed limiting CE on an overall floor area. The active use requirement would be for all SSS.

Commissioner Bachrach: I am concerned we don't regulate this to the point of taking SSS out of the marketplace. They are a product that goes with density, and there will obviously be a need for them.

Chair Schultz: I am not inclined to prohibit any further. I'm concerned about the pedestrian environment, particularly on transit corridors.

Commissioner Bortolazzo: I have concerns. I think PD and Mainstreet overlay will help in the CM3 case. How do the first 30 feet work? That is my main concern, not the zone. How it's written now with the 25 feet helps get to this.

Commissioner Oswill: Employment is an issue, though I realize it's a separate conversation. I think it's important for example, if you look at SSS versus a large supermarket in terms of job opportunities.

Commissioner Spevak: I suggest capping SSS use at 50 percent FAR with active use on the ground floor.

Chair Schultz: I think it completely depends on the site conditions. The 50 percent requirement can be problematic in terms of making the SSS use available. The ground floor use is more important than the 50 percent for me. *Commissioner Spevak* concurred.

Barry: I hear the strong concern about the ground floor. I'm hearing 25 percent that staff has proposed isn't enough to relieve some of the commissioners' concerns. In the Central City, 50 is what they're using as an active use on the ground floor, so we can consider that. The way the code is written, in terms of the use

itself, I have code language to address the use limitation with respect to the whole lot versus just that at the radius from the transit station.

Chair Schultz: Transit station at 500 feet away that captures a portion of the lot, I support that this triggers the use requirement at the ground floor. As soon as the circle includes any portion of the lot is included in the radius, that triggers the requirement.

Commissioner Bachrach: You seem to be suggesting a portion or percentage of the structure. What would be an alternative?

In terms of the ground floor active use, within the transit station areas (fully within) active use applies to the area within 100 feet of the longest frontage. This allows for flexibility on the back of the lot. In the example where only a portion of the lot would be included, we'd still want to include the within 100 feet so it's consistently applied.

Chair Schultz: If the underlying code of the active use are the same, then yes. In 500 feet of a transit station, those conditions apply.

We can make it applicable to a larger portion of the site if the PSC is interested in that. The testimony we heard was about active use on the street frontage, not the entire ground floor. But we can write the code either way.

Commissioner Spevak: I'd be ok to drop 50 percent but ground floor as 75 percent needs to be active use.

Commissioner St Martin moved staff's proposal with the 25 percent changed to 30 percent, and the entire lot gets effected if it falls within the 500-foot radius.

Chair Schultz: Street frontage or entire ground floor is one issue.
5 PSC members prefer the requirement be about street frontage (without regard to CM3).

Commissioner Smith: For CM3, I'm thinking the entire ground floor use (storage should not be on the ground floor).

Barry: I'm hearing that for all zones, there is a concern about the frontage area. The percentage is something we'll work through. We can have a specific CM3 regarding the entire ground floor.

Support CM3 as its own area [only 4]. CM3 will be considered within the same requirements.

Commissioner Smith: We made sure CE doesn't occur in centers during the Comp Plan process.

Commissioner Baugh: The ground floor use is a concern on transit streets; entire ground floor for CM3. What if we leave the language as proposed but increase the 25 percent to 75 percent? That would push everyone to have predominantly active use.

Chair Schultz: I think that makes some sense.

Commissioner St Martin: If you require 75 active use of the ground floor, does that change how you have to build the building?

- Yes, there will be a cost implication.

I'm willing to think about it in a frontage way.

Barry: Regarding frontage, maybe 25 percent of ground floor active use isn't enough. We could address it for 50 percent for all zones. CM3 could be a second option to consider the overall ground floor use.

Commissioner Baugh moved to change 25% to 50% in the first bullet of staff's proposal. *Commissioner Smith* seconded.

- In the CM3, CE, CX, EX and EG zones require **50%** of the ground floor area within 100 feet of a Civic Corridor, Neighborhood Corridor, and Streetcar Line, and on long site frontages within 500 feet of a Transit Station to be in an "active" use.

(Y8 — Bachrach, Baugh, Houck, Larsell, Schultz, Smith, Spevak, St Martin; N — Bortolazzo)

The motion passed.

Commissioner Smith moved that the PSC give staff direction to apply 500-foot standard to be fully in or out. *Commissioner Houck* seconded.

(Y8 — Bachrach, Baugh, Bortolazzo, Houck, Larsell, Schultz, Smith, Spevak, St Martin)

The motion passed.

Regarding CM3, the remaining 50% of the ground floor could be whatever else is allowed within the zone.

Commissioner Bachrach: I move to recommend Option 3 as proposed by staff [No change to the use allowance in CM3.]. *Commissioner Bortolazzo* seconded.

The motion passed.

(Y6 — Bachrach, Bortolazzo, Houck, Schultz, Spevak, St Martin; N3 — Baugh, Larsell, Smith)

Commissioner Smith moved to:

- Approve the *Code Reconciliation Project — Proposed Draft*, as amended by the additional code amendments in the January 4 memo, and the amendments that implement the preferred approach on Self-Service Storage facilities and active use requirements and standards.
- Direct staff to update the effective dates for new codes throughout Title 33, where appropriate, from January 1, 2018 to May 24, 2018.

Commissioner Baugh seconded.

(Y9 — Bachrach, Baugh, Bortolazzo, Houck, Larsell, Schultz, Smith, Spevak, St Martin)

The motion passed.

Adjourn

Chair Shultz adjourned the meeting at 2:42 p.m.