



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **2ND DAY OF MARCH, 2005** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, Leonard, Saltzman and Sten, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Harry Auerbach, Chief Deputy City Attorney; and Officer Curtis Chinn, Sergeant at Arms.

Item 145 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
137 Request of Jay Boss Rubin to address Council regarding the cream of Portland (Communication)		PLACED ON FILE
138 Request of Tres Shannon to address Council regarding The Portland Cream (Communication)		PLACED ON FILE
139 Request of Richard L. Koenig to address Council regarding vehicle titles (Communication)		PLACED ON FILE
TIME CERTAINS		
140 TIME CERTAIN: 9:30 AM – Declare intent to initiate local improvement district formation proceedings to construct street and stormwater improvements from 26 th Avenue to 29 th Avenue and on other streets in the SW Texas Green Street Local Improvement District (Resolution introduced by Mayor Potter; C-10014) (Y-5)		36296
*141 TIME CERTAIN: 10:00 AM - Designate one Heritage Tree in the City of Portland (Ordinance introduced by Mayor Potter) (Y-5)		179090

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<p>142 TIME CERTAIN: 10:15 AM – Pursue regulatory or legislative alternatives to the pending federal Long Term 2 Enhanced Surface Water Treatment Rule and reaffirm that one of Portland’s top federal priorities is to pursue utility rate relief for its business and residential customers (Resolution introduced by Mayor Potter and Commissioner Saltzman)</p> <p>Motion to accept the amended Resolution: Moved by Commissioner Leonard and seconded by Commissioner Adams.</p> <p>Motion to accept amendment to add THEREFORE, BE IT FURTHER RESOLVED that the City Council will work in full consultation with our wholesale contract customers in the pursuit of this legislative strategy: Moved by Commissioner Saltzman and seconded by Commissioner Leonard. (Y-5)</p> <p>(Y-5)</p>	<p>36297 AS AMENDED</p>
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Tom Potter</p> <p>Bureau of Environmental Services</p> <p>143 Authorize the Director of Environmental Services to execute grant agreements with Urban Water Works for implementation of stormwater management demonstration projects (Second Reading Agenda 126)</p> <p>(Y-5)</p>	<p>179085</p>
<p>Bureau of Housing and Community Development</p> <p>*144 Amend subrecipient contract with Northwest Pilot Project to provide an additional \$48,267 in McKinney Pathways funds for a total of \$409,817, amend program goals and provide for payment (Ordinance; amend Contract No. 35410)</p> <p>(Y-5)</p>	<p>179086</p>
<p>Bureau of Licenses</p> <p>145 Refer decision on the refundable tax credit program dedicated to eligible local businesses that choose to employ disconnected youth to the FY 05-06 budget process (Resolution)</p> <p>(Y-5)</p>	<p>36295</p>
<p>Fire, Rescue and Emergency Services</p> <p>*146 Accept a federal award of \$400,000 from the Department of Homeland Security for Portland Bureau of Fire, Rescue & Emergency Services to complete additional tasks related to the Metropolitan Medical Response System (Ordinance)</p> <p>(Y-5)</p>	<p>179087</p>
<p>Office of Transportation</p> <p>*147 Allow an exemption to City Code 5.36.010 regarding disposition of surplus property for the purpose of selling surplus single-space parking meters (Ordinance)</p> <p>(Y-5)</p>	<p>179088</p>

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Police Bureau

- *148** Authorize a Grant Agreement with Police Activities League for 2004-05
Albina Weed & Seed Program (Ordinance)
(Y-5)

179089

REGULAR AGENDA

Mayor Tom Potter

Bureau of Environmental Services

- *149** Approve Sewer Overflow Agreement with Oregon Health and Sciences
University and RIMCO, LLC for the South Waterfront Block 25
(Ordinance)
(Y-5)

179091

Bureau of Planning

- 150** Amend Title 32, Signs and Related Regulations and Title 33, Planning and
Zoning to update and improve land use regulations and procedures
(Second Reading Agenda 134; amend Title 32 and Title 33)
(Y-5)

179092

Office of Management and Finance – Bureau of General Services

- *151** Extend the Operating Agreement between the City and Beavers Pacific Coast
League Baseball, LLC for PGE Park through December 31, 2005
(Previous Agenda 132; amend Contract No. 52202)
(Y-5)

179093

Office of Transportation

- 152** Donate 20 parking meters and stands to the Portland Downtown Services, Inc.
for use in the Real Change not Spare Change campaign (Ordinance)

**PASSED TO
SECOND READING
MARCH 9, 2005
AT 9:30 AM**

Commissioner Sam Adams

- 153** Establish registration and reporting requirement for lobbyists and city officials
(Ordinance; add Code Chapter 2.12)
Motion to continue to March 16, 2006 with a final vote on March 30, 2006:
Moved by Commissioner Adams and seconded by Commissioner
Saltzman. (Y-5)

**CONTINUED TO
MARCH 16, 2005
AT 9:30 AM**

Commissioner Randy Leonard

- *154** Amend City of Portland Human Resource Administrative Rule 6.05, Family
Medical Leave (Ordinance)
(Y-5)

179094

At 1:57 p.m., Council adjourned.

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GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption File.

<p><u>WEDNESDAY, 2:00 PM, MARCH 2, 2005</u></p> <p>DUE TO LACK OF AN AGENDA THERE WAS NO MEETING</p>	
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March 2, 2005
Closed Caption File of Portland City Council Meeting

This file was produced through the closed captioning process for the televised City Council broadcast.

Key: ***** means unidentified speaker.

MARCH 2, 2005 9:30 AM

Potter: Good morning, everybody.

*******:** Good morning.

Potter: I like that. Ok. We have a couple different groups to acknowledge this morning. First, commissioner erik Sten has a group.

Sten: A class from st. Frances academy. Say hello. [applause] very good waves up there, if you didn't see them. This is one of several tours they're doing of the city. They've been to businesses, as well as government, to see how the city works. And they're led by a strong team of teachers that includes a good friend and classmate of mine, chris rionda who I want to thank for bringing st. Frances down here. Where is chris? There he is. Ok. Thank you.

Potter: And next, as I open each wednesday council meeting with the question about how are our children, we invite an expert in to give us testimony. And this morning's expert, her name is lisa frank. Lisa, could you come up, please? Lisa is a student at west sylvan middle school.

Lisa Frank, West Sylvan Middle School: Thank you for allowing me the chance to be here. I think it's a really great idea to have people talk, you know, kids be able to talk about issues that concern them, because one of the main problems I see in just my day-to-day experiences is that a lot of kids feel that adults often talk down to them --

Potter: Excuse me, or sometimes they're not listening when you're talking.

Adams: Sorry.

Potter: Counsel, pay attention. Go ahead.

Frank: Yeah. But I think it's really good to give us a chance to share our opinions, because we really want our ideas to be valued. And i'm just going to start with the whole reason I got into this, being involved in the community, is from an organization, the youth innovation fund, which we were going to -- were given a grant by the kellogg foundation. There's eight cities across the country. We donate mini grants to small youth-led projects that try to affect social change in their communities. And at the start of the process we sent out surveys to youth all around I believe Multnomah county, and we received many, many surveys back, and there were four issues that the youth thought were the most important -- education, homelessness, teen pregnancy and employment issues. So those are the kind of things, that from mostly high school students and middle schools thought were really important. We've gone on to fund 10 prongs, and we're -- they focus on -- they all focus on those four issues. They get to the root cause of the issue. It's not just putting a band-aid on the problem. They really want to make a difference. I think it's a freight experience both to be on the board, because you gain leadership skills and get to work in the community and to see that people can make a difference. I think it's really setting a great example. Which another thing that's important on our board is the idea of service learning, which is learning by doing, like community service and working for -- to affect social change. And I had the -- a really good experience a week and a half ago I got to attend a workshop on service learning, and it's a really good way to not only make curriculum more interesting, but also not only do you learn stuff better, you have to -- to make it service learning, it can't just be going out and doing community service, you have to put it in your curriculum and evaluate it, and it's important to incorporate that into our schools, because a lot of times I hear people ask every day, what's the point of learning this, when am I ever going to use it,

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and if we were to go out in the community and see people actually do use this in their lives it would make it a lot more interesting. Another thing, I was having a discussion with my family last night. People have -- seems like they've been having a lot of trouble lately with all the controversial issues in the media, like ballot measures and things that people kind of edge around them, regardless what their opinions are, they don't feel comfortable talking about issues that are really controversial. And I think that we can learn to both understand each other a lot better and the issues if people felt more comfortable, because a lot of times the adults are teachers or parents kind of skirt around the issues, and the kids are too scared to ask hard questions that would be difficult to answer. So I think it's really important to have a place where kids can go to ask questions. One of the projects we're funding actually gay/straight alliance, kids can ask questions about homosexuality and bisexual things and they don't want to be seen as different, just for wanting to know about these questions. And I think that's really important.

Potter: Thank you, lisa. You know, lisa's sort of a modest young woman. She forgot to add that she helped write the mission and vision statement for the youth innovation foundation grant, and personally raised \$3,000 of the \$10,000 required for a match. [applause] so thanks. Thank you, lisa. I have this feeling you'll be back in another decade sitting on this side of the podium.

Adams: Excellent public speaker.

Potter: Very good, very good. [gavel pounded] council will come to order. Karla, could you please call the roll.

Adams: Here. **Leonard:** Here. **Saltzman:** Here. **Sten:** Here.

Potter: Here. [gavel pounded] ok. Communication items. Could you please read those, Karla.

Item 137

*******:** Good morning.

Potter: Good morning. Would you please state your name your name. You have three minutes.

Jay Boss Rubin: It's jay boss rubin. I come to talk about development today, but not the kind that's benevolent. Portland is getting chopped into districts I don't understand. First, ankeny. I read cha-ching, time to make a buck off an ethnicity trend. I quote, it's such an inverb kind of thing, people enjoy the idea of Italian people encompassing others. Once upon a time I too dreamed of being italian. I lived in massachusetts with a marvelous little italy. Italian food, gondolas, but their cobblestone streets are from immigrants, not some commissioner' daydream. You're charged with leading us as Portlanders. There's a Portland out there still livable. It's hard to imagine, but we have to quit playing prospector and work with the city we already have. First in ankeny, proposed site for imaginary italy. Imaginary italy could transform one of the last blighted areas of downtown. Question -- when transforming a blighted area, where do you put all those blighted individuals that in a parallel universe we might consider human? Let's send them over to memorial coliseum. We'll feed them to the lions and sell the scraps to the school district. It's a perfect fodder. Rome will fall. While we're waiting, let's be more politically correct. While Portland becomes a connection of divided communities loosely connected through a major league baseball team, a power structure, an unswimmable river, a big dig, and a little italy you can eat the macaroni off the trees, let's pretend won lovejoy won the coin toss, and change our name to boston, boston, Oregon, a perfect place for developers to get fat. Thank you very much.

Potter: Thank you, mr. Rubin. [applause] I think we've got two future candidates for council here. [laughter] Karla, the next item, please. Please state your name and you have three minutes.

Item 138.

Tres Shannon: Hello. My name is tres shannon.

Kenneth Poxin: And my name is Kenneth Poxin.

Shannon: First of all, mr. Potter, I just wanted to bring some pictures from your doughnut-eating contest from the primaries. The mayor here was one of the people that came and ate doughnuts at midnight. We have some photos with cream on them. I'll give you those when you're ready. And

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basically we're kind of here in these boxes we have some Portland creams. We want to see what the council would feel about having the boston cream officially be called the Portland cream, at least on maybe this side of the mississippi, and maybe at some point we can have some sort of friendly bet maybe with boston and maybe reenact the coin flip. You might ask what the difference is between the boston and the Portland cream. The boston cream is right there. It is just a mere pastry. But when you add vision, you add the eyeballs, it becomes the Portland cream.

Adams: Much better.

Shannon: That's what we sell. The Portland creams, not boston creams.

Adams: I so move that we change --

Shannon: We do have samples that everybody can take in your chambers later. We also just want to kind of tell you, as a local business, being down in a so-called dangerous part of town, we've been doing great. We're very excited, still being in downtown, old town Portland. We're the only doughnut shop in Portland. Business has been trickling, going up and up, and we're -- we're excited to be in a climate that has allowed that. So if we could continue to do that, that would be great. And to realize that -- I know you have a lot on your plate, but, you know, if it's not broke, don't fix it in a lot of ways. We're happy with right where we are, exactly what's happening there. Cat daddy will tell you more about the stuff we've got coming up.

Poxin: Well, for one thing people argue back and forth on whether this is a good town for a small business. We are a small business in. We've been mentioned on "the tonight show," "good morning america," "food and wine" magazine, travel channel, food channel, all up and down. If you want a Portland business other than nike, I think that in the last year we've gotten more press, for Portland, and we say Portland, Oregon, every time.

*******:** Every time.

Poxin: That they mention us, because we love Portland. We opened our business in Portland, because we love it here, and it's been treating us good. We want to grow and we want to take over the doughnut industry.

Shannon: We just want to make sure that we have a nice council that feels the same way about doughnut awareness. [laughter]

Potter: Well, you know, everything except your maple bar with a piece of bacon on it --

Shannon: The b.m., mr. Potter.

Potter: Really?

*******:** I eat at least one of those a day.

Potter: Did you say your names?

Poxin: Kenneth poxin.

Shannon: And tres shannon.

Poxin: It's funny that the cops don't come to the shop that much.

Potter: Tres, maybe you could help commissioner adams with his wardrobe.

Shannon: I bet he's got a few things in the closet. [laughter] thank you very much.

Potter: Thank you very much.

Adams: I think it's time for doughnuts.

Leonard: Very good.

Adams: Thank you, tres. Good to see you.

Potter: We'll have to put these aside for now. Well, council's a little bit more interesting this morning than usual. That's good. The next item, Karla.

Item 139.

Richard Koenig: Good morning, city of Portland, city council, mayor. Thank you.

Potter: Please state your name, sir. You have three minutes.

Koenig: Richard koenig. Thank you for your agenda item, as a longtime tree hugger, arborist, I appreciate your interest in planting another one. I'm bringing you information from the most recent

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transportation commission meeting that occurred down in salem on the 16th february. You've got in front of you handouts which kind of give background and the stair of that. It's a little bit more than I can put into the record here today orally, but read them at your leisure. On the second page of your handout you'll see the crucial line that is now in effect in Oregon. I kind of circled it, toward the bottom of the page. Let me read this for the record. This optional titling rule, that was adopted by the Oregon transportation commission on the 16th of february, provides the rule will only have a financial impact on the members of the general public who choose to apply for title under the provisions of this rule. Now, it's exclusive to members of the general public. Motor vehicles need not apply. And this reflects the language in the statutes under the definition of highway, which is all the places within the boundaries of this state open, used or intended for use as -- by the general public as a matter of right. It's not that they have a new right to optionally title their vehicle and at the same time the statute -- the statutory language says when a vehicle is titled under this section it becomes subject to all the provisions of the vehicle code, including payment of motor vehicle fuel tax, parking meters, going to traffic court, registration, everything else. Once you title it, that's the biggy. But it's not that they now have a right to make their vehicles into a motor vehicle subject to the law. They've always had the right to use the highway, and the d.m.v. Is now acknowledging, as of the 16th of february, that it can do business. It now has a legal mechanism, having adopted this rule, to deal with the public, where prior to the 16th of february there was nothing. And I think that in the record, before the city council, you'll find a letter from former director of the d.m.v., david moomaw, when he admitted that historically his agency had been illegally titling and registering people's exempt vehicles "historically." he wrote that in a letter to the legislature in 1985, and asked them specifically to allow him to adopt this rule, or -- and finally after 20 years, now we have the ability to legitimately give our money to the d.m.v. And title our vehicles, turn them into motor vehicles and make them subject to all the laws. Any questions?

Potter: Thank you.

Koenig: I hope we get our ostrich act together and start talking about this, because it's -- it will probably be more comfortable than an ongoing embarrassment like this. Right, harry?

Potter: Thank you, sir. We'll now take a vote on the consent agenda. I understand there's a request from commissioner Saltzman to pull item 145.

Saltzman: Correct.

Potter: Commissioners, are there any other items you wish to pull off consent? Is there anyone in the audience who wishes to pull any item off the consent agenda? Karla, let's vote on the rest of the consent agenda.

Adams: Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

Potter: Aye. [gavel pounded]

Item 145.

Potter: Karla, please read item 145. Commissioner Saltzman.

Saltzman: Thank you, mr. Mayor. The reason I wanted to have this pulled off the consent agenda is I think it's a fairly important program that we are looking to do -- to implement this year hopefully. The city council in october of 2004 passed a resolution directing the bureau of licenses to consider a -- establishing a refundable tax credit program for those eligible businesses that employ disconnected youth or at-risk youth. And the full council was very supportive of this idea, and they were supposed to report back with a program to implement it on this date, or actually yesterday. The resolution before us, I think rightly so, says that there's a new council in town, the council did adopt council protocols that said anything dealing with new expenditures should be subject to the full budget process, which we're all ensconced into up to our ears right now, but I wanted to make sure the idea of establishing this doesn't get lost in the shuffle. I wanted to highlight this is something out there that I hope we will be able to find the muster in doing the

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budget. I know we're focusing on cutting the budget, but there are good ideas out there that can help disconnected or at-risk youth, help the businesses that go through the extra efforts to find jobs and make those people into good employees. We should encourage that through the establishment of this refundable tax credit of no more than \$100,000 to start with. So I just wanted to call attention to it and let my colleagues know that at least I'll be certainly looking to try to find the money to do this in the budget process. Thomas Lannom, did you want to talk? [inaudible] he's the license bureau guy who's in charge of implementing this.

Thomas Lannom: Good morning, mayor and council. Thomas Lannom, director of bureau of licenses. That was a great summary. I would just add that I talked with the work systems, inc., the mercury, and some of the lead advocates for this program, let them know it is in the budget process, but needs to be vented more thoroughly in accordance with the protocol that you all signed.

Leonard: In the interest of giving credit where credit's due, you alluded to the mercury, but this came from phil busse. He came to us and asked us to consider this, and we thought it was a great idea and adopted it.

Lannom: It absolutely is. Actually, if you look at the two constituencies involved here, it's small businesses and youth. It's absolutely a worthy program. Just a question of whether or not you all have an opportunity and community has an opportunity to consider that in the light of other things that are in the budget process.

Potter: Thank you.

Lannom: Thank you.

Potter: Is there anyone here to testify on this?

Moore: I didn't have a sign-up sheet.

Potter: Council ready to take a vote? Karla, please call the roll.

Adams: Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

Potter: I just wanted to say that I support this program, even though it was done under a previous administration. I think it has great value for our community. Aye. [gavel pounded] we'll now move to the 9:30 time certain. Item number 140.

Item 140.

Andrew Aebi: Good morning, mayor Potter and commissioners. I'm Andrew Aebi, local improvement district administrator for the city of Portland. With me today are Carolyn Sharp and Dan Vizzini from the bureau of environmental services. More from B.D.S. in a moment. You have before you today a petition from property owners on the proposed Southwest Texas Green Street Local Improvement District, which would improve Southwest Texas Street from 26th Avenue to 29th Avenue. Southwest 26th Avenue North and South of Texas Streets. Southwest 28th Avenue from California Street to Nevada Court. And Southwest 29th Avenue from Texas Street to Nevada Court. Despite the numerous challenges in designing and building local street and stormwater improvements in this neighborhood, I'm pleased to report that this petition enjoys a triple majority of support from local property owners. We have received petitions from a majority of owners representing a majority of the tax lots and a majority of the estimated I.I.D. assessments. Thank you, Karla. This is not just a street improvement project. It is also a stormwater management. As you can see from this map in the aerial photo, the streets to be improved are in green. The area in blue is the proposed location for restored wetland. As some of you know, this is not the first time that council has been faced with the decision whether to improve Southwest Texas Street and adjacent streets. As recently as the fall of 2003 the council considered and discontinued work on a streetology for this neighborhood. That effort relied on petition support, representing only 5% of the estimated I.I.D. assessment. Today we bring to you petitions representing over 52% support for a substantially redesigned and significantly larger project that will include improvement to additional street segments on Southwest 28th Avenue and will also include the acquisition of property for restored wetland. We have over 65% total support for this project, including waiver

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support. The resolution before you today initiates the l.i.d. formation process. If adopted, I will move ahead with notices leading to a second public hearing on march 30 and the adoption of an ordinance to actually form the l.i.d. in early april. In keeping with the requirements of city code, I recommend that council adopt this resolution of intent, which would initiate l.i.d. formation proceedings. My recommendation is based on two main findings. First, the council has received a clear majority of support, over 52% for this project. Local property owners have expressed their support for the project as proposed with a clear understanding of the l.i.d. costs for meeting after significant city financial investment. Second, the project is necessary to advance important city environmental goals, curtail property and watershed damage caused by unmanaged stormwater runoff, and to enable us to become responsible stewards of stevens creek. Before proceeding to the public testimony, i've asked carolyn sharp to provide that additional information on the development of the proposed project and its link to stevens creek.

Carolyn Sharp, Bureau of Environmental Services: Good morning. As andrew said, my name is carolyn sharp with the bureau of environmental services, and the reason that pdot and b.e.s. are sitting here at the table together today is that this project is just as much about transportation improvements as it is about protection of water quality, protection of our waterways, our watersheds, and the investments that we've placed in our infrastructure as a sewer agency. B.e.s. watershed planning involvement in this project began soon after the council heard the last l.i.d. deliberations in 2003. Commissioner Francesconi, during those deliberations, encouraged the city and community to go back to the drawing board and come up with a creative solution that really addressed the problems that the community was facing. And at the same time residents came to b.e.s. and asked us to address their stormwater problems, said if there's a way that we can't look at this transportation improvements, can we at least address the stormwater problems that we're having with unmanaged stormwater, with basement flooding, with the erosion of the street. And we said, sure, we'll work on it. So working with the neighbors, we developed a set of goals with the neighborhoods to come up with the issues that were very important to the neighbors, and the things they really wanted to address in the project. Our intent was to find a design that addressed a set of common goals. And we looked to use a grant that we received from the environmental protection agency for an innovative wet weather grant program. We received \$77,000 for this project through that program. And through that program it's directed us to look for swales, vegetation, and natural features as a way of managing stormwater from the local streets. So after meeting with the property owners and meeting with pdot and b.e.s. Engineers, we soon realized that there was not really true way that we could separate the two issues. And the design concept that evolved over the past year is a solution that includes narrow streets, green street solutions, and the acquisition of a half acre of vacant lot at the foot of southwest texas as andrew mentioned for wetland restoration and stormwater management. The proposed project, we feel, is an incredible collaboration between the two bureaus, working with the neighbors to come up with a solution that we hope will address all of the needs of all of the various stakeholders. This map here shows why b.e.s. is committed to the project, because of its context from a watershed approach. The project is located at the headwaters of stevens creek, which is one of the last open streams left in southwest Portland. Stevens creek is 750 acres -- or the watershed is 750 acres. It's got three miles of stream channel and it's about 70% in residential use. That's the predominant land use. And it has a 40% impervious area of coverage. And those problems accumulate and become worse as you go down the -- down the creek from the headwaters to the confluence with the willamette river. These pictures show images of the stormwater problems along southwest texas. It's a steep street. It's gravel. It has become deeply rutted from and impassable because of the unmanaged stormwater flows. Stormwater rushes off the streets. It takes with it the sediments which collect in the drainage ditches and travel over land and end up in stevens creek. These are pictures of the wetland property that we're proposing to acquire. It's .62 acres. And this parcel will serve many important functions for the project. We will be able

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to restore some wetlands that are present on the site. We will use it for stormwater management and disposal, but also see benefits from preserving it as open space and improving the habitat wildlife value of the parcel as well. And when I was speaking about the protection of infrastructure, this is a picture that shows the burlingame sanitary sewer trunk line that parallels stevens creek. When the pipe was first put in the ground, it wasn't exposed, as you can see running down the middle of the picture. Over the course of years, as those increased stormwater flows have entered stevens creek, the force of the water has eroded the banks and exposed the pipe. And in these pictures you can see how at the joints, because of the exposure and the weakening of the pipe, that we're seeing raw sewage leaking directly into stevens creek. Our engineers are working on a solution to fix that problem, but we also need to be thinking of ways that we can protect that investment, ensure that the money that we put into that project is -- is going to use and is being protected. And finally, b.e.s. is interested in this project because of the mouth of stevens creek. One of the few remaining healthy channels, salmon habitats along the willamette river. We have documented proof of salmon using this, the mouth of stevens creek, as offchannel habitat and refuge of the high flows. We're protecting resources along the willamette river. So in summary, b.e.s. endorses the formation of this l.i.d. and is committed to working with the property owners and to working with pdot through a successful completion of the project. Our involvement is consistent with our mission, to manage stormwater runoff and restore the environmental health of Portland's streams and rivers. On a final note, before I turn it back over to andrew, I want to let you know that i've been working with the community for about a year on this project and i've been continually impressed at their patience and commitment to this project and their ability to work with us. I wanted to thank all of them that have come out today to speak for the project in any manner, and look forward to working with them in the future, I hope. Thank you.

Aebi: Thank you, carolyn. Before concluding our report, for the benefit of the new councilmembers, I wanted to show you a project we wrapped up a little over a year ago on the east side. These pictures are the exact same street, first before the l.i.d. was formed, and then after construction was substantially complete. Now this street improvement is in a higher density neighborhood. And wider than what we're proposing.

Saltzman: Where is this street actually?

Aebi: Oh, i'm sorry. 119th and ash in outer southeast. So this -- this street improvement is wider than what we're proposing for the texas neighborhood, but you can see what a dramatic difference it makes for neighborhood livability. Thank you, Karla. While we've made good progress, we haven't had a lot of improvements in southwest Portland, the part of the city that has the highest proportion of unimproved streets in the city. You will hear from some folks today for whom cost is a concern. This is not an inexpensive project, either for the property owners or for the city. However, the proposed l.i.d. assessment represents 44% of the total estimated project cost. Pdot and b.e.s. are contributing 56% of the total cost, including all of the cost for the stormwater management facilities and wetland. As a result, the estimated assessment for a 5,000-square-foot lot falls from \$23,750 with no city funding to \$13,000. The estimated assessments for this proposed project are lower than previously proposed for southwest texas, even though what was once proposed to become row houses at the bottom of the hill, where the stormwater detention facility will be, now becomes a wetland and does not get developed. That would have had the highest aset of under previous proposals. Just to give a little perspective, right now i'm petitioning a residential project on the east side where no funding is available. The project's estimated assessments range from \$29,000 to \$102,000. At these assessment levels, the project will not receive petition support to come before council. While we acknowledge that the financial commitments being asked of homeowners on this project are not small, the benefits are larger and the city's investment in this project will provide significant financial relief. And finally, I would just like to remind the council that all l.i.d. assessments are eligible for city loans and may be paid in installments for up to 20

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years. For a homeowner with a 5,000-square-foot lot that translates, based on the most recent bonding rate, of about \$100 per month over 20 years. With that I conclude my report. We are here to answer any questions you have. I entered several things into the record at the beginning, one of which was a letter from a doctor and his wife. They've asked that assessments be capped at \$26,000. There's two ways that council could do this, but either way I would need a directive from council. One option for council would be to cap all accessible square footage at 9,000 feet, resulting in the three property owners with the largest combined assessments receiving reductions, and it means that everybody else in the l.i.d. would have their assessment go up by 9.8%. The second alternative, if council wishes to pursue this, would be to provide additional funding in the amount of \$469,000. I don't have any resources identified to do that, but that would be a council prerogative, if they wanted to increase the funding of the project by \$469,000. Without a directive to do either of those changes, the notification for the formation hearing on march 30 would be consistent in the manner in which the project was petitioned. Thank you.

Potter: Thank you. Any questions?

Leonard: I do have a question. So I didn't quite catch the reason for capping the square feet to limit the amount one would pay. Was there a justification for that or --

Aebi: Let me just clarify for the record that two of the three largest combined assessments are from property owners who have signed petitions in favor. This particular assessment is for \$52,000. The subject property is a 20,000-square-foot lot in an r-5-zoned residential area, has the development potential for four lots. The reasoning for requesting the cap was for financial reasons, affordability.

Leonard: Do you guys -- are you endorsing that?

Aebi: It sets a difficult precedent to be candid with you. If you look at the l.i.d. that's come before council before, we had large lots that hadn't been redeveloped that have since been developed, and new property owners in favor of the project. I think the policy decision for council here is, you know, whether -- whether we support the redevelopment of this property or not, and, you know, I can tell you this property owner has a beautiful home on a very large lot, and I understand their reluctance to subdivide their property. But it is also expensive to build infrastructure for development that's lower than the density.

Leonard: But nonetheless, it depreciates the value of the property by having it be subdividable.

Aebi: Pardon?

Leonard: Notwithstanding it may only have one house on it, the value of the property is enhanced because it's allowed to be subdivided into smaller lots. So, ok, I get where you're at on that.

Aebi: It's a policy question for council.

Leonard: Right. I understood you to say that there's a subsidy we're providing this particular l.i.d.?

Aebi: Yes. B.e.s. is planning all the stormwater costs and --

Leonard: Let me finish my question.

Aebi: I'm sorry.

Leonard: It's not available to other l.i.d.'s. You mentioned one on the east side that you're currently in the process of developing, and such a subsidy is not available, correct?

Aebi: Yes. But, commissioner, I would add, even if for sake of argument b.e.s. were to subsidize the stormwater cost on that l.i.d., the stormwater cost on that l.i.d. would be relatively small, and by city charter b.e.s. can only fund stormwater improvements, can't fund street improvements, per se.

Leonard: That's not the point i'm getting at. The point i'm getting at is we're already subsidizing the cost for the property owners, correct?

Aebi: Yes.

Leonard: And there's a request to have a further subsidy beyond what the subsidy is?

Aebi: Yes.

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Leonard: Ok.

Dan Vizzini, Bureau of Environmental Services: I just wanted to interject. I'm from the bureau of environmental services. I did the work on the recommendations for this project, worked with the property owners on that. The proposed apportionment is a finally balanced and is --

Leonard: What do you mean by apportionment?

Vizzini: That's the way we spread the costs of the project to the property owners, the method for calculating individual assessments. In this case, after looking at other methods, we selected the area method, that is the square footage of land. And it is the most -- and in this case, given the diversity of the properties and the type of improvements that are being made, it was the most reasonable, the most equitable for the most number of properties. So when you ask the question, what is your recommendation? My recommendation would be to -- to endorse the proposed apportionment that is in the petition, that was brought before you for a majority of support, for all of the reasons that you were describing. But I thought you deserved a direct answer in terms of the recommendation.

Leonard: Yeah, ok. And finally, at some point, andrew and I had an opportunity recently at the lents -- what did we call that?

Aebi: Lents community resource fair.

Leonard: Resource fair, to talk quite a bit about this issue of paved sidewalks in the community, which is a source of irritation with people in southwest and east Portland. You mentioned to me, and this is off topic, but I didn't want lose this chance to bring this up, but you mentioned to me a program in minneapolis, minnesota, I think you said minneapolis, that has a different approach. At some point I think the council could be bend by us having an informal, just on this topic, to try to see what options are available to pave unpaved streets, sidewalks throughout the city, because it is burdensome on low-income families, to finance it the way we do it now. I don't want to get into why with we have subsidies in southwest and not the east side at this point, but at some point if we could set something up, if you would agree with that, mayor, it would be beneficial for us all to understand it better, what we could do better to actually come up with kind of a city project to pave unpaved streets and sidewalks.

Aebi: We have partially implemented some of that. I'd be happy to follow up with the council as requested.

*****: I think that's --

Potter: I think that's a good idea, commissioner.

Leonard: Good.

Adams: Issues are being looked at and options that other cities use, so it might even come through the budget process as well.

Potter: I did have a question. I don't know which of you said it, but on the average 5,000-square-foot lot, that if they applied for a low-interest loan, it would be about \$100 a month for 20 years.

Aebi: Yes.

Potter: Is that right in so about \$24,000 they would be paying in addition to their normal --

Vizzini: By the way, the interest on special assessment loans, local improvement loans, is tax deductible. So there is some -- something of a benefit in -- at least in terms of getting a deduction on your income tax for these loans.

Potter: What is the interest rate that we provide these folks?

Aebi: The latest bonding rate, mayor Potter, was 6.75%. Whatever rate goes into effect at the time the bond sale is done, but I usually property owners to budget for 6.75%.

Adams: And what would be the x -- how do we explain to the rest of the city in terms of why subsidies here and not subsidies elsewhere?

Vizzini: Well, i'll take that. The reason the bureau of environmental services invested in this project is because it sits at the headwaters of stevens creek, and because we have at this point endangered infrastructure downstream. Not only do we have an environmental mission to restore

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and protect stevens creek, but because of the impact of unimproved streets like this in this watershed we're now running into problems that are going to cost the utility -- and that means ratepayers -- millions of dollars to repair sanitary sewer lines. For us this is -- we'd be penny wise and pound foolish not to make these investments on this street. The bureau of environmental services, when the l.i.d. process was reformed, committed to underwriting the cost of treatment and disposal of stormwater in local improvement districts. So on the east side of town, when projects are brought forward, the bureau will invest in treatment facilities and disposal facilities in keeping with the commitment that was made in 1997. So it's just a matter, that this project had a heightened interest because we had infrastructure issues as well.

Adams: Because of the relation with the creek and other things.

Vizzini: Correct.

Adams: When the folks were signing up for the l.i.d., did they know that it was not the usual apportionment? Did they know that they were subsidizing some property owners to a greater degree and that that isn't necessarily the way all l.i.d.'s are put together?

Aebi: That was clearly communicated, the extent of b.e.s. funding.

Adams: No. I meant in the apportionment.

Vizzini: I wouldn't view the apportionment as being a subsidy of one set of property owners for another. The -- in august we held a public meeting, open house, and we discussed the apportionment methods. In fact, there was some discussion about spreading the cost equally to all tax lots, regardless of their size. But once you actually take a look at the differences -- for instance, there's a property that sits on a -- on less than 4,000 square feet and has less than 845 square feet of living area. Should that property pay an equal amount as a property sitting on 20,000 square feet and has 3500 square feet of livable area? Those are the kinds of fairness, equity issues that come up in apportionment.

Adams: They were fully discussed?

Vizzini: Yes, uh-huh.

Adams: All right.

Aebi: Commissioner adams, when the l.i.d. redesign process was done, b.e.s. committed to funding a million dollars a year for stormwater improvements, and pdot committed to funding a million dollars a year of street improvements, and that was intended to buy down the cost of the projects for property owners. The problem was, is that the -- the street portion was funded through the street maintenance fee that got repealed in 2001, so pdot never had an opportunity to collect those resources to buy down the portion of the street costs. You know, I think the larger point here is that even with b.e.s. paying all of the stormwater costs, this was not a cheap project for property owners.

And that's why we have some work left to do on the street funding side if we're truly going to make the project affordable.

Adams: Thank you.

Potter: Any other questions? Thank you. Karla, is there anyone to testify on this item?

Moore: Yes, we do. We have 11 people signed up.

Potter: Ok. Thank you for being here. State your name and you each have three minutes.

Dan Manning: My name is dan manning. I live at 2710 southwest texas. And i'd like to speak in favor of this l.i.d. I'd also like to compliment the bureau of environmental services and department of transportation for their efforts and patience through this process. It's not an easy project. I know. I've been in the construction industry and worked on watershed issues. The benefits to this neighborhood are huge. The neighborhood now is -- is a series of rutted, hard-to-manage streets that spread all over, within and outside of the easement. There are a little bit of paving areas that are covered with gravel. And i've witnessed people falling just from the amount of round rock that - that gets thrown on to the pavement surfaces. The increased development in the area, just in the past year we've had five new homes built in an area of probably 35 homes, and they're in a position

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that will use the access streets most, you know. So the paving of the streets is just a really nice thing to look forward to. It's going to make it clean. It's going to make it less dust, less noise, safer to both as pedestrians and vehicular traffic, but the proposal put before you for water treatment and rainwater is just wonderful. It's going to be -- it's going to make a beautiful neighborhood. It's going to set an example for all of what can be done. And i'm very thrilled with what has been proposed and am just hoping they can do it this summer instead of sometime in the future. Thank you.

Potter: Thank you.

Lyn Trainer: I'm lynn trainer. I live at 7030 southwest 28th avenue. I've lived in the neighborhood for 15 years. It's a neighborhood that grew up piecemeal. So, for example, my driveway is very steep. The driveway across the street is very steep. To have the green street, the narrower streets is a real advantage. If we'd gone to standard streets, my driveway would have become basically unusable. As additional construction has occurred over the years, the water drainage has changed dramatically. You can watch the runoff just run in sheets down the street. My home has drains on either side of the driveway, at the top and one at the bottom. Those are regularly filled with silt and mud and then causing big puddles in the street. Through this process I have learned that the houses downhill have flooding problems all the time. And so while I haven't been aware of that, i've seen the water go down, and this would make a tremendous difference to those houses down the street. I can't tell you what a great improvement this is going to be for us. And i'm looking forward to also not having the pollution issues going down the street. I really compliment everyone who has worked with us to try and make this a fair and equitable solution for our neighborhood.

Potter: Thank you.

Jack Sachitano: My name is jack sachitano. I'm here to speak in in favor of the formation of the l.i.d. I currently live on southwest martins lane, and i'm purchasing a house that's under construction in the proposed l.i.d. I've lived in Portland for 30 years. I've sent four kids through Portland public schools. I enjoy the tradeoff, the benefits of living in Portland, the costs that I pay for that. We're selling the house that we're now in. We could have moved to Washington county where I work and have worked for 30 years, but we've chosen to stay in Portland. I see this opportunity for the formation of the l.i.d. as a chance to further protect the investment that i'm making. It will greatly enhance the livability and access of the neighborhood. And as an outdoor enthusiast and sportsman i'm happy to contribute to the benefit of the watershed improvements and salmon hopefully in the willamette river. I see that is a very positive experience and i'm enthusiastically supporting it.

Potter: Thank you. Thank you for being here. Could you please state your name and you each have three minutes.

Lee Johnson: Hi. Mayor Potter, councilmembers, my name is lee johnson. I, like my new next-door neighbor, jack, have a house under construction in the area. So i'll be there when the costs come. I've provided a brief written statement. I am in favor of this proposed l.i.d., with some reservation. Let me say the -- I hope you can lose this language of subsidy. I worked for some 30 years with federal, state, and local officials as a federal employee, and in a case like this I would like you to make a reasonably clear distinction between the improvements that I might enjoy personally, and therefore it's appropriate for me to pay for. The street improvements will benefit me, both in the improved neighborhood and the consequent in the property value. You know, I can't put a number to that, but I have no doubt. The clean water being a noble purpose, and one that I worked on for any number of years, is in my view a more general public purpose and it's appropriate to pay for it with more general public funds. My only reservation, in full support of this project, is if I hear of clean water approaching my pocketbook to float extra money out that I don't think is appropriate for me to pay in an assessment so i'll be watching the process very carefully and

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working with the b.e.s. People, but i'm particular to watch that. Like I say, I hope we could lose this concept of this project being subsidized. In fact, I don't think it's being subsidized at all. As near as I can tell, the city managers of this project have, number one, apportioned correctly. And apportioned particularly the street improvement versus the -- the clean water improvements appropriately to appropriate funds. I'm sure glad the b.p.a. put up some money. I used to work for them. So that's all I have. I appreciate you allowing us to appear today.

Potter: Thank you.

Rose Zdybel: Hi. I'm rose zdybel, and I live on southwest 29th street. I guess i'm not as opposed to, you know, the project overall. I know everybody's worked on it and stuff like that, and I agree, yeah, the streets need some improvement, but I guess what i'm not happy about is my personal assessment of the property. If indeed I had a 5,000-square-foot, you know, property, you know, \$100 a month is -- you know, is probably doable. But I have a \$10,000-square-foot property, and that's going to raise my assessment to something like -- I don't know -- first of all, the 20-year that andrew was talking about is -- makes the \$26,000 go to like \$48,000, you know, cost for me. On the other hand, a 10-year, which is a \$271 payment a month, is \$32,000. So that's more reasonable. You know, it's not some inordinate amount, but when it comes to the value of my property, I mean, my house is like a \$159,000 house. For a \$700 mortgage payment, that's like a 35% increase on my mortgage payment. Or look at it another way, my tax assessment of \$2300 is a \$3200 increase on my tax assessment would raise that to \$5500 a year. I've not been involved in some of those other tax assessments that i've heard them talk about. I wasn't at some of the other meetings. I would be in favor of it if my, you know, my assessment, you know, was on a level with other people. I see lots of lots that are 5,000 square feet, you know, and, yes, I mean that's easy to get 50% of those people to say yes, but what about the other people that have the, you know, higher, you know, property, footage? So I guess -- and, you know, I would be in favor of it if my -- the other thing is my property is not on the street. I have flag property. So most of my property, like 7500 square feet, is off the area. And my neighbors are now being assessed for their runoff. So that's my, you know, objection at this point to the -- to the assessments.

Potter: Thank you.

Bob Brandon: Good morning. I'm bob brandon. I live at 5830 southwest gilchrist court, two or three miles away from the site. But i'm a member of the congregation of hillsdale community church, and a member of their foundation board. And years ago we set aside money for this project, because we could see it on the horizon, and we have been a strong supporter of it all along. Our congregation met and we listened to the presentation from carolyn and andrew, asked several questions, and voted enthusiastically in favor of the program. So I just briefly wanted to be here this morning to pass that along. I think they've done a marvelous job, and we're looking forward to continuing to be good steward of our community. Thank you for letting me speak this morning.

Potter: Thank you. Is that individual here? [inaudible] thank you for being here. Please state your name and you each have three minutes.

Bruce McIntosh: I'm bruce mcintosh. I live at 2625 southwest nevada court, which is -- I live on the street to the south above the l.i.d. improvement, but I have a larger lot. Bought the property -- well, we moved in 15 years ago, still on the septic system. So we had a double lot. So my lower lot is going to be part of the l.i.d. improvement, and I just want to say I was for the improvement. We've always been trying to -- my future plan is, you know, to develop the lot some day, and I really couldn't until this l.i.d. is in place. We had to actually bring the sanitary sewer -- I mean, my next-door neighbor had to pay for the sewer to -- to, you know, hook our house up. So we spent a lot of money just getting on the sewer and trying to recoup some of the costs. We're going to eventually sell the lower lot. So I just want to say i'm in favor of the l.i.d. I think it's a good idea. We've seen all the improvements going on. We kind of live above all the new houses that are going in. And like I just -- just enhance the whole neighborhood. So I just want to say i'm in favor of it.

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Potter: Thank you. Thanks.

Liz Safran: My name is liz safran. I live at 2811 nevada court. And I want to commend b.e.s. and the office of transportation for their innovative designs. I actually did not support the petition, but that was purely a matter of cost. As andrew said, this is not a cheap project for the property owners. And even though my lot is not one of the largest lots, my assessment is still \$15,000, which is a lot of money to produce on the spot, or over 20 years, more like \$25,000, \$30,000. So I just want to express my support for the general plan, but also support out the support of painful realities of the cost to individual property owners.

*******:** Thank you.

Matt Emlen: Good morning. My name is matt emlen. I have-view from the bottom of texas street. Do we have just a little bit of video? I want to show people what it is that we're looking at? It's just a quick, quick spot. Because of the patchwork development, we have runoff that is ripping into this road. If we don't get it, that's fine. But you have people making their own catch basins in one place and still not able to hold back these kinds of gushing waters that come down off the hill. So I think we have a responsibility to do something at the neighborhood, but we really need the city to help us figure out what to do with this situation. So I urge you to keep the project going. When we were here several years ago, commissioner Saltzman urged people to be innovative in their designs, and I really feel like b.e.s. came through with some leadership this. Compared to our previous design, they're taking the water that was really a liability now and making it more of an asset to the neighborhood, and these swales along the side of the road, wetland at the bottom, something more that we can feel that we're getting some value and something nice in the neighborhood. So I think we do have more to do, that the cost -- we support the project, but this cost is really a stretch for everybody. Yeah. Here you just see where it's gushing down. And there's like a one-foot drop-off. This is the bottom of texas right there. And, yeah, the water, you can even hear it over my children, which says a lot. So here's where it flows into that wetland. Currently that property owner, he supports the project, but, I mean, his property is really overwhelmed by all the runoff that comes from the neighborhood. So i'm saying, though, we do need to do more. I don't understand the engineering costs of building roads and why it's so expensive, but I think that's an area that we really need to keep working on together to find out, are there some more innovative options. There's a homemade catch basin that feeds it up on 28th avenue. Again, I encourage you to continue with this project and support innovation. That's about the end of the video. Thank you very much. [laughter]

Leonard: I don't think the kids are going to support this project.

Emlen: There are recreational benefits of the unimproved road, and we recognize that, but because of the design b.e.s. came up we may still have fun with it.

Elana Emlen: Good morning. I'm elana emlen, I live on 26th avenue. I agree with everything matt said.

Potter: Thank you for being here.

Elana Emlen: This is my third time coming to you about this l.i.d. since we brought our house almost 10 years ago. Last time we came, I grudgingly supported it, even though it cost us \$14,000, and my support was grudging because the street -- it was a cookie cutter design. It was way too wide and I didn't really like it. This time it's much better, because of b.e.s. involvement. I can't think all enough for letting b.e.s. do this with us. And so i'm more enthusiastic about it, even though our cost is now \$18,000. So my big concern is that you can see that even with subsidy, over time, the costs are going up. I know that crude oil is going up, and that's a big, you know, component, you know, plays into asphalt costs. And so i'm here to ask you today to try to get this going as fast as possible, because if i'm going to put \$18,000 into this, it's much more palatable if it happens quickly. So with all appreciation and respect and affection for the city of Portland and its employees, I would really like to see the engineers not working on it, a little bit on a monday,

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putting it down, picking up again on a wednesday. I don't know if that's happening, and no offense, really, but, you know, if there's a way to have them just focus on this and get it done fast. If there's a way for pdot and b.e.s. to not have to wait weeks and weeks in between meetings to work out the details, but just pedal to the metal, get it done. I think that would be the best way to do this. It will be a role model, not only because of the innovative technology, but also speed and efficiency. So I want to commend b.e.s. for really great technical work and community outreach. It just been wonderful. And I also commend pdot for flexibility, in being more -- thinking about having skinnier streets and being better about that. And you have the majority of the votes, and so I hope you'll go ahead and move forward with this quickly so that I can come back to you a fourth and final time and say thank you.

Leonard: Elana, I just want to say with your gentle and persistent prodding, we could use you on our budget committee. Those are great questions that we wouldn't mind having asked on our budget.

David Sideras: Hello. My name is david sidares. I live on southwest 54th avenue. It's a few miles away. I do own two houses in this neighborhood that are affected by the l.i.d. They're new houses. We signed waivers of remonstrance. And to begin construction of those. If you do not know what that means, it means that a waiver of remonstrance is an automatic yes vote for any l.i.d. You are not allowed to participate in the -- well, it's beyond not participating. You're an automatic yes vote. Neither of the two houses are being improved directly. One of them is on california. The other one is on 27th. There is no sidewalk or asphalt that will be put in front of these houses, yet the total of the projected cost for these two is around \$45,000. I kind of look at government as an equalizer of power and income. You are -- you hear the weak along with the strong. You hear the poor along with the rich. I'm not in favor of this l.i.d. as it's currently proposed, only because I don't believe that these same people who are here in support of it today will be paying once I put sidewalks in front of my house and asphalt. I think that the l.i.d. will only be for the improvement of those streets. And i'm not going to be reaching into anyone else's pocket when it's my time to improve the sidewalk in front of my house. I also wanted to point out, there are low-income -- or low-interest loans available. I don't know what the parameters are those are, whether it's income-driven or anyone can apply, but typically they're paid off when houses are sold, and if someone was not able to qualify, the real actual cost on a normal mortgage value would be \$300 a month for a -- for the typical assessment that they were talking about, not \$100 a month. That's based on like a 6.5%, 30-year loan, which is pretty typical in the industry. I have nothing else to say -- oh, there was one overall question I had for the designers, and I know none of you can answer it, but i'm sure you'll find out. And that is whether the cost of this also includes the sewer repair in the stream on the photo that we saw.

Potter: Thank you both. Could we have staff come back up to address the issues that were raised here? That was all who --

Moore: That was all who signed up.

Potter: Yeah, good.

*******:** I just want to briefly mention that --

Potter: Please state your name.

Aebi: Andrew aebi. We have received petition supports from residents of california street, and in fact new owners of -- at least one of mr. Sideres' home did sign the petition and want the street to be improved. I'll let b.e.s. answer the question about the sanitary sewer repairs.

Vizzini: Yeah, the sanitary sewer repair on the burlingame line is being paid for through the -- through ratepayer funds in the bureau of environmental services capital budget. So there are none of those costs will show up in l.i.d. The l.i.d. costs are segregated to just the street improvements themselves. And the stormwater improvements on texas will be paid for, again, by ratepayer dollars through the b.e.s. capital improvement program. So he won't see any of those costs in his

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assessment. We included the properties on california, because there's a very high likelihood that the california avenue -- or california street will never be improved. If you go out there, california street sits on a precipice, and the north side of the street drops off precipitously. So there's no -- there's never going to be an assessment for properties on the north side. And you really -- if the cost of this project is so high with the participation level, you can only imagine how high the street costs would be to try to do an l.i.d. on california with only 1/2 of the street participating. So in light of that, we -- and in hearing from property owners who lived on california, that their traffic patterns are to access their property via texas, and come around because of the way the streets work, we elected to include properties on california because the traffic pattern will be via -- their access will be via texas. We recognize that we're not doing improvements abutting those properties. And so those properties are being assessed at 25% of their area, not 100% of their area. We in effect are recognizing that they're getting a lower level of benefit because they're not abutting an improvement street. But by the same token we felt it was unfair to the rest of the neighborhood to exclude them if in fact their current method of accessing their property was going to be via streets that were improved in the neighborhood. And so they're included in the project, the proposed project. They're granted a -- they're granted a 75% discount from the normal assessment because we're not improving the abutting streets. And we think that that's fair. The folks involved in the public meetings felt the same way, including people who live on california.

Leonard: Is there some precedent for that, for l.i.d.'s charging folks if the property doesn't abate the direct project?

Vizzini: Yeah. Years ago I was involved in projects in southwest where we had landlocked properties that were -- that were accessing the improved street by some distance via easements, private easements. They did not abut the street itself, but their only access to their property was via the street that was being improved. And state law provides municipalities with broad discretion in how to develop these apportionment methods, again in attempting to get the most equitable methodology for the greatest number of properties in the project.

Leonard: How did you come up with 25% of the --

Vizzini: It was -- there was not a great deal of science involved in the discounting. I have to admit that. In terms of looking at the dollar amounts that it produced, we felt that to go less than 25% wouldn't be appropriate, and to go to say 50% wouldn't have been appropriate. But I can't say that it's based on science.

Aebi: Actually, commissioner, let me just clarify that, because we do in some cases provide 25% reductions for previous participation in an l.i.d. if you abut the street to be improved. Basically the logic here is that we're offering 50% and 75% reductions based on the fact that they didn't abut the street. So if you butt the street you pay 100% or 75%. Most cases 100%. If you didn't abut the street, you pay 50% or 75%. The distinction for this l.i.d. is that if your only access was on texas, then you received a 50% discount, because you had no other way to go but out to texas, but if you had multiple access points, which is the case for the properties on california, they can choose either to go right down california street and not use the improvement, or they can jog over to texas, as we fully expect them to do, consistent with current travel patterns, and they get a slightly greater reduction based on that.

Saltzman: And the low-interest loans are available to everyone, regardless of income? Is that correct?

Aebi: Yes.

Adams: What's the start date for the project and the completion date for the project?

Aebi: We would like to build this next summer. We want to move very quickly on engineering. After council -- april 6 would be the second reading, but we'll start getting our ducks in a row and be ready. So as soon as you guys tell us to go, we'll be ready to move quickly. We've already done

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a lot of the legwork that normally would take up a lot of time when we move into design. But we want to move very quickly on this project.

Potter: Other questions? Thank you, staff. Is council ready to take a vote?

Adams: Yes.

Moore: Karla, please call the roll.

Adams: I'm going to support this, and I want to thank the Portland office of transportation, bureau of environmental services, andrew, carolyn, and dan. Good teamwork. I think this will provide the opportunity to push forward on our environmental agenda. Definitely accelerates our green street making capacity which I think is great. Look forward to helping move it forward even more based on the -- most of the testimony and the information provided it seems fair and equitable. And it definitely will improve the livability and access and I do believe based on previous efforts, in terms of this kind of work, will improve the property values that should more than make up for the increased cost of the property -- to the property owners, and it's good for neighbors, it's good for fish. I vote aye.

Leonard: Aye.

Saltzman: Well, i'm very pleased to be at this point where we're approving this project. This has been going on for I think well over 11 years. 15 months ago this neighborhood came forward to the city council uniformly as opposed to this l.i.d. improvement for their streets. And today we have an opportunity with where the l.i.d. enjoys support from a majority of the property owners. This success was made possible through the confluence of three positive forces -- local homeowners, the office of transportation, and the bureau of environmental services, did not give up on creating a project that met their needs, accepting compromises where necessary to keep it on direct. The b.e.s. identified an acceptable relationship between this project and the restoration and protection of stevens creek and of the critical sewage infrastructure. They demonstrated resourcefulness by leveraging a full demonstration grant into a much-needed public improvement. I want to especially congratulate carolyn, michael, and dan for their efforts, and finally i'd like to recognized Portland office of transportation for their effective reforms of the l.i.d. process. Andrew aebi has worked closely with b.e.s., interested homeowners, and those who oppose this project to ensure a petition process that is open and successful, and I enthusiastically vote yes.

Sten: I'm also going to support this. I want to thank neighbors on both sides. There's thoughtful testimony from people that are opposed because of the assessment methodology. I think it's fair. There's no perfect way to assess this big a cost, but there's a rational, fair way to do it. For me, i've sat through three council hearings where this melted down, and the first time I ran for office in 1996 we had a coffee at the emlens' house, and I pledged to fix this. For me, this needs to be done. I'm glad it's being done. I thank everybody that's worked so hard to make a good thing happen. Good job. Aye.

Potter: I think this has been a long process, and I think that the result is a -- is a good collaboration. I think in these kind of situations, not everybody is pleased, but it's the best outcome for our community. And I vote aye. [gavel pounded] we'll go to the time certain, 10:00, item 141.

Item 141.

Phyllis Reynolds: Good morning. I'm phyllis reynolds. And I am on the urban forestry commission. And because of that, i'm chair of the heritage tree committee. That comes out of the urban forestry commission. And mayor Potter and commissioner adams, you haven't seen me before. The others see me. I come here from time to time to propose trees for heritage status, for your vote. And let me just briefly, you've got our new booklet, but let me tell you about the program. It's been going on for 12 years. And there are over 260 heritage trees to date. And half of them are private, half of them are public. And they are chosen either for their historical significance, their size, their beauty, their rarity. They're significant trees in the city. And I hope you don't ever think that this is a frivolous program, because trees are really necessary for Portland.

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The trees are the workhorses for stormwater management. So i'm here today to propose just one tree. I usually have more. But today it's the ponderosa pine on southeast 58th. It's not a very big tree, but it's one of the few ponderosa pines, very few, this area, in mount tabor area. And it's on private property. And the people want to save it. And it will be a big tree. It's a fairly good-size tree now. But the committee and the commission felt that it -- it was a good tree to have because they're not too many ponderosa pines in Portland. It's a native tree that kind of gets cut when development happens, etc. I took this photo from the street. So it's very visible from the street, as you can see. That little stuff at the top is another tree. So there you have it. Thank you.

Brian McNerney, City Forester: My name is brian mcnerney, city forester with Portland parks and recreation. This group does a wonderful job of these finding these trees. Like phyllis said, there's a lot of trees in Portland. And they found that one special one today for you to look at. And they do great work. And I also wanted to thank mayor Potter for the planting of trees that you did in the woodstock neighborhood last month. Maybe some mayor in 19-- or in 2080 will be looking at those trees to see if they might qualify for heritage trees. And I also would like to invite all of the council to celebrate Portland's arbor day celebration on april 5 in waterfront park. Thank you.

Reynolds: I'd like to say one more little thing. In your spare time, please go look at the website. It's really very good. The city did it. It's a very nice website.

Potter: Could I ask you a question, being one of the new folks on the council? What kind of restrictions or requirements does this place both on the owner, as well as the city?

Reynolds: The owner has to sign a consent form that they agree to take care of the tree. And if there's any problem at all, they have to call the urban forestry department, and then someone will come out and help them. But they are responsible for the care of the tree and the cost. And not all people are willing to have their tree designated as a heritage tree, because they know it might be too expensive. But the people -- 130 residences now have heritage trees, and people are really -- some people really want to save their trees, like these folks.

Adams: So to get on the list, it's -- how do you get a tree on the list?

Reynolds: Well, we hope -- what we really like to do is have the public nominate the trees, the owners.

Adams: I see.

Reynolds: The owners, or on the street. We don't go and search out these trees. These folks nominated their tree. There's a nomination form you can download from the website.

Adams: Ok. Because I noticed in my neighborhood area there's no trees.

Reynolds: Oh.

Adams: So I guess I got to get busy.

Reynolds: Well, where you used to live there are lots of trees.

Adams: Yeah, where I used to live. There's one in front of my house.

Reynolds: Seriously. Get a nomination form and send it to the address at bottom, which is my address, and we'll look at it. We go out, we have field trips about once every three months, and we go out and look at all the nominations and consider them carefully. Then it goes to the commission.

And the commission votes on it. Then it comes to you.

Adams: Thank you.

Potter: Thank you very much.

Adams: Thank you.

Potter: Is there anyone here to testify on this? Council, ready to take a vote?

Saltzman: Yes.

Potter: Karla, please call the roll.

Adams: I just want to thank you for all your service to the city as part of the heritage tree program and enthusiastically vote yes.

Leonard: Aye.

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Saltzman: Thanks, phyllis, for all your hard work. This is one of the best things we do here at city council. Aye.

Sten: Aye.

Potter: And I look forward to future visit from you, phyllis. Aye. [gavel pounded] Karla, the 10:15 time certain. Is that item 142?

Item 142.

Moore: Yes.

Potter: Do we have to ask for a motion to accept the amended resolution?

Leonard: I so move the amended one.

Adams: Second.

Potter: Did you move and --

Leonard: We both moved and seconded.

Potter: Good.

Adams: Teamwork.

Potter: Ok, Karla, do we have to call for a vote on that.

Adams: Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

Potter: Aye. [gavel pounded] ok. Staff.

Mort Anoushiravani, Director, Portland Water Bureau: Good morning, mayor, and council members. I'm director of the Portland water bureau. I would like to make a few remarks about the resolution that's before you. As the council is aware, the federal environmental protection agency is in the process of finalizing a new drinking water regulation that will affect our water system nationwide, will provide treatment to address the potential health risks. The e.p.a. has indicated that the new regulation will likely be finalized by august of this year. The water bureau has worked within the guidelines established by the federal government to evaluate the presence and incidence of cryptosporidium. In 2001, at the direct of council, we evaluated the relevant data about cryptosporidium. After 18 months of the study, the panel recommended in 2002 that the city use membrane filtration to comply with the ruling, but it did so because it believed the filtration could provide multiple benefits to the Portland water system beyond providing -- just dealing with cryptosporidium. The panel did not believe that providing treatment only to address the low levels of cryptosporidium in the bull run water supply, at the minimum cost of about \$50 million -- \$55 million was a good investment. The Portland utility review board agreed and requested that the city pursue its options to obtain an exception from the rule. Commissioner Saltzman followed up by writing to the e.p.a. to inquire about the agency's plans about creating a provision in the rule and to officially request that e.p.a. establish a provision for a system with demonstrated low levels of cryptosporidium and good source water protection such as the bull run. Last fall the bureau met with commissioner Saltzman, the office of government relations, and the city attorney's office to plan for a follow-up strategy with the federal regulators to support the commissioner's comments to the e.p.a. With the reassignment of the water bureau to mayor Potter, the mayor has taken a leadership role and has convened all the stakeholders to the water system, including the friends of the reservoirs, the Portland business alliance and the environmental representatives to draft the resolution before you today, which will demonstrate Portland's unified support for alternative approaches to the treatment requirement. There will no doubt be challenges in the road ahead as we attempt to advance our request, but with continued support and input from our community and stakeholders, good strategic advice and leadership from the mayor and council, I believe we can make headway. The water bureau is completely committed to supporting the objectives of this resolution, as directly and effectively as possible. I commend the mayor and commissioner Saltzman for the leadership on this important issue. I would be glad to respond to questions now or after testimony. I also have him here to talk about the strategy, how to move forward with this effort.

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Len Simon, Simon and Associates, Inc., Water Bureau's federal issues advisor: Good morning, mayor, and commissioners. I think, just agreeing with what mort has said this morning, I think the coming together within the community over the last several weeks, around this resolution, has really been extraordinary. The resolution leads with the concept of regulatory or legislative alternatives. That is the focus that we're going to try to pursue over the course of the -- of the next several months, should this resolution be adopted. I want to say, by the way, that commissioner Saltzman's efforts over the last months on -- and really years -- on this issue have really, really been valiant, and gotten us to the point where we can be talking about a strategy that builds on that and maybe takes us to a place that -- that brings the city to an acceptable conclusion on this. I just want to talk a little bit, building on the -- on the words of the resolution about what the legislative strategy might be in the period ahead. As mort indicated, the regulation is as detailed and complex. It's 155 pages. It has been out in draft form since 2003. E.p.a. indicates that they will finalize it sometime this year. We expect it will be in the august/september period. My recommendation to the council, based on the resolution, is that we have one last great shot at e.p.a. to try to in effect achieve compliance for the city in a manner that would be acceptable, not only to -- to the city, but to all of the groups that -- that have lent their involvement to this issue and been involved in the development of the resolution. I base that on the fact if you look at the 155 pages of the regulation, you note that there is a toolbox in there for filtered communities. It lays out in some detail what filtered communities need to do, a, b, c, d, to avoid excessive capital costs for compliance. We think that there might be a very strong possibility that everyone working together, both the city and the -- and the various interested parties within the city to develop the same kind of concept for unfiltered communities, to take that to e.p.a. and to others in Washington, and to show that with -- with the diligence and professionalism that Portland always brings to these issues, that effectively speaking compliance can be achieved without going to the extreme capital costs and disruption that is -- is intended in the -- in the regulation. We would propose to work in the same spirit that the resolution has been developed over the last several weeks, to work over the course of the next several weeks to develop what we're calling, just for in shorthand, a white paper, and that white paper would show both the uniqueness of the bull run watershed, Portland system, and also the measures that are already in place to protect the water supply from the threat that the regulation is targeted at, and to do so in a way that we hope would be convincing to e.p.a., but not only could -- could the city sustain that level of protection now, but throughout the course of the year. We need to work on that over the next several weeks. I look forward to doing that. The logical follow-up step to that would be a series of meetings in Washington, hopefully led by the mayor, with others involved, with the senior leadership of the environmental protection agency, with others in the administration, that are involved in the finalization of this. And I should say, with the guidance and the council of our congressional delegation, who themselves have had a role in -- in this resolution, in giving us their thoughts and their -- and their general direction. Hopefully our congressional delegation can help us. And they'll want to, within e.p.a., to try to get to a better place in terms of this. We would hope that within the six months or so that we have before the finalization of this regulation, that we would have the opportunity to achieve, to incorporate, a set of provisions in there that would allow the city to achieve that compliance. That's about as far as I would go in terms of the overall strategy, except to say that there would likely and logically be a follow-up with our congressional delegation itself, should our efforts within e.p.a. fall short. And they're certainly aware of that. But the -- the specific role that we would ask them to undertake at that point, I think, should be deferred until -- until we have an opportunity to see how far we can get the process within e.p.a. So we would -- we would certainly be -- be raising this to a very high level, apply a lot of time and energy to it with everyone's support at the table, and as commissioner Sten knows, having worked on little sandy, it takes time. And we -- we started thinking that we could get little sandy done within a year or so, and it took a number of years to do it. We don't have the luxury of that --

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of that unlimited amount of time with this regulation, because we are facing a date that -- that will -- will make our responsibilities very clear once it's promulgated. We hope to use the next six months very effectively, and have everyone's support, both within the community and the mayor and commissioners in Washington. And hopefully our goal would be, one way or another, to end up with a better -- a better place for Portland on this very complicated regulatory effort.

Potter: Commissioners have questions?

Adams: I have a question. Is this a change in position for the city or the bureau?

Anoushiravani: Not really. The last couple of years, that's what we've been pursuing, commissioner.

Adams: Why have we waited until the last six months, then, to begin serious advocacy on this project, given its potential fiscal impact on ratepayers? Why have we waited so long?

Anoushiravani: We've been pursuing it through commissioner Saltzman's efforts, if you will, and right now basically we're getting signals that maybe there was enough movement, if you will, so we're creating a more unified front from the city, if you will.

Adams: So there are signals from the feds that there's movement?

Anoushiravani: That there hasn't has been as much movement, if you will, so we like to make sure movement happens. The way you do that, you make it more visible and bring more forces to bear on it, if you will.

Adams: So the movement has been on our end, here in the city, not the feds' end?

Anoushiravani: Yes.

Adams: Ok.

Leonard: So my experience, as of late, albeit a different event within the federal government, is that they're not too open to compromise. So in the event that they deny our request for a waiver, i'm kind of focused on where a filtration system would be built, and i've raised previous concerns that it appears the water bureau is focused on powell butte, which I think is totally inappropriate, given a couple of other sites in the system. And then second, the kind of system that it would be. And as you pointed out in the resolution, there's a wide variation of prices, like from \$50 million to \$200 million. I don't want us to get caught up on that now, but I don't want you to think i've forgotten that.

Anoushiravani: I would never have forgotten that, commissioner.

Potter: Other questions?

Saltzman: We're not actually pursuing a waiver. Technically we're actually pursuing a microbial toolbox available to unfiltered water systems, similar to what's available to filtered water systems?

Simon: Well said, commissioner.

Saltzman: Microbial toolbox, high tech. Or a set of things we could be doing in lieu of the technology options.

Simon: Exactly.

Saltzman: The idea is to pursue that as a regulatory strategy first, and then a legislative, or sort of doing them in tandem or --

Simon: Just to answer the first part. The toolbox is there for the filtered system. The idea is to try to -- and there's some -- there's some elastic clause language in there that we're going to try to build on, you know, to make that toolbox. I think I would say tandem in the sense that we'll be working on the strategy with e.p.a., but doing it hand in hand with the delegation as partners. We're going to, you know, seek their assistance and guidance with whatever resources they can bring to bear in helping us to make the case with e.p.a. and then when we see what the results are of that, convene again with you and with them and determine what the logical next steps are.

Adams: I appreciate the clarifying question, commissioner Saltzman. Why are we not pursuing a waiver? Why are we going the route of the toolbox?

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Simon: Well, commissioner, for a couple of reasons. One would be the -- the waiver has in effect been denied. The correspondence that both the -- under commissioner Saltzman's leadership, the waiver in effect has been turned down. Congressman Blumenauer subsequently to that made the same kind of request, and the response was pretty swiftly no. The only place to pursue the waiver now would be legislatively. We could not do that from a practical point of view until the regulation is promulgated in final form. We certainly hold open that option if the regulation comes out in the fall of 2005. E.p.a. is talking august, but as we all -- as we know, the e.p.a. Deadlines are often missed. So once we determine what it looks like in august, or september, we can make that determination, but since it's been very clear from e.p.a. That discussion of exemption or waiver is a nonstarter, what we're trying to do is to -- is to look at alternatives --

Adams: So the city did ask for a waiver, and we are denied?

Simon: Yeah, exactly.

Adams: Flat out?

Simon: Exactly. So looking at alternative means of compliance, where the same objections of the regulation are achieved, but --

Adams: Are we the only city that -- we're only a small group of cities, right?

Anoushiravani: Right. There is a very small numbers of unfiltered systems across the country, commissioner. Most of them, more or less, are complying with the regulation. We are the only one, because of the uniqueness of our water system, that we are pursuing that. And the idea is, quite frankly, to have them identify certain criteria, by which if we can meet, we can meet the intent of the regulation. It's very similar to the situation we have right now, that we are basically enjoying an exemption from the requirement of the surface water treatment rule, because of our unique situation.

Adams: Thank you. What are our chances with this?

Simon: I wouldn't want to minimize the threshold, commissioner. It's a very high one.

Adams: Who's the decision-maker?

Simon: You can look at various points, but it's the environmental protection agency. Most of the work goes on under the -- under the associated administrator for water who reports to the e.p.a. Administrator. E.p.a. is the only cabinet level position that's open. It's way, way overdue. We have an acting director right now. And somewhere between the associate administrator for water and the e.p.a. administrator, with the participation of the office of management and budget, actually really the super regulator in the government, every regulation has to go through them before it goes out to the public in final form, that's the triangle.

Adams: There's no appeal?

Simon: No, not in -- not in a formal sense. But I would say that, you know, just on your previous -- on your previous comment, our legislative case, if we're going to make one eventually, ultimately is strengthened substantially by showing the Oregon delegation, as well as the other offices, the other committees, the other congressional leadership, that we've done everything we can at the e.p.a. level, and in effect that is our appeal, because what's there now doesn't work for the city. And what we're trying to do in effect is appeal through that the alternatives process.

Adams: Thanks.

Sten: Mayor, can I make a quick point?

Potter: Yes.

Sten: Just a quick comment I wanted to make before we take public testimony. Both commissioner Leonard's comments, and I suspect some of the comments that are going to come up today, warrant a quick preview of what we're going to propose to the budget process, because I think it's so critical to this. We've been working with the water bureau and they're going to have some representatives and outside interests working with commissioner Adams and I, who have been assigned this bureau. Essentially what we're trying to do is to take all discretionary capital spending out of next year's

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budgets to get the rates as low as possible. The idea is then to take the next year and have a very comprehensive community discussion, hopefully a sort of consensus building process to try and get some treatment, and basically the tradeoff we're going to ask the interest groups to work with us on as a council is to say we will kind of put the things that are controversial and -- and different views, very different views, on community on hold, with the idea that we'll have a process for a year to try and build some consensus among what the infrastructure spending plan should look like. We'll ask everybody to take part in that with a sense we've got time and breathing room to try and build this. Because I think what you're going to hear today in all likelihood is very different opinions. You have commissioner Leonard on where it should be placed. That comes after should we build it or not build it. It is a misreading of the task force opinion to read that the task force said we should build a filtration plant. That's not what it said. It said we should build it if we intend to expand the bull run down the road and make the water source for the future in terms of the suburbs and other places. And so I think we really need to have, for lots of good reasons, we have a lot of different arguments going on, and we need to have the bigger picture conversation. I think having this push to say the last thing we should do is built an arbitrary treatment plant when we're still not positive of the bigger picture, infrastructure, future envisioned for this, is absolutely right on the money. I just want to put it in that context, mayor. Thanks for that opportunity.

Potter: Yes. Other questions? Thank you, staff.

Simon: Thank you.

Potter: Karla, could you call the folks who signed up? Thank you for coming. Please state your name. You have three minutes.

Kathryn Notson: My name is Kathryn Notson, the secretary/treasurer of the South Tabor neighborhood association. I have some testimony I would like to present to you today. I think I'm going to make first a comment on the amended resolution you just passed. I think that perhaps you need to reamend that again in order to say -- to strike out the words a waiver and talk about the microbial bin numbers, whatever the gentleman was just talking about, because that's a little different than asking for an outright waiver, saying, no filtration or crypto whatsoever. I think that needs to be reworded. I hope you consider that. Ok, I oppose the city council resolution to pursue regulatory or legislative alternatives for the following reasons. First of all, the city council was told in November 1969 by the U.S. Department of Health, Education, and Welfare, and the Oregon Board of Health, in a joint report to cover open reservoirs due to fecal contamination from birds. They were also told to start a filtration plant. The city council was given a January 1, 1971 deadline to submit a preliminary plan and schedule for covering or burying open reservoirs. The newspaper article that identified this is attached to a copy of my comments. The public comment period on the Lt2 in the August 11, 2003, Federal Register ended November 10, 2003. The public comment period was extended in the October 8, 2003, Federal Register to January 9, 2004. The public comment period is now closed. It has not been reopened. The E.P.A. states in its 8-11-2003 Federal Register that it is not required to consider late comments. The city of Portland's 1991 filtration avoidance waiver was granted under the June 29, 1989, filtration and disinfection rule and does not include cryptosporidium. The filtration avoidance criteria under Lt2 will change. The 1991 filtration avoidance waiver will become obsolete when it actually includes cryptosporidium. The primacy agencies, the E.P.A. or the Oregon Department of the -- of Human Services, the drinking water program, are required to adopt revisions to section 141.71 and also the new sub part w for cryptosporidium. There are for variances or exceptions for cryptosporidium under the proposed Lt2 enhanced surface water treatment rule. The items 2 through 5 that I just mentioned were -- I had given this information to Senator Gordon Smith's office, and they have also received a copy of this newspaper article, mentioning the city was told in 1969 to do this before, and that they had confirmed with not only the Washington, D.C. headquarters of E.P.A., but also the Seattle, Region 10, that this information is correct and accurate. The other two items that the city risks losing are

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federal and state grants, and they also could be enforced by the e.p.a. to comply with the It2, enhanced surface water rule, under a negotiated consent decree with a compliance schedule. The city could be held negligent if it doesn't comply with the regulation if an incident related to the regulation occurs such as a cryptosporidium outbreak.

Potter: Thank you.

Paul Schlesinger, Portland Business Alliance: Good morning, mayor Potter and commissioners. My name is Paul Schlesinger, and I'm here representing the membership of Portland Business Alliance. I'm usually here testifying, dealing with square footages, heights, planning, and sometimes parking, but I have to admit that when I heard about cryptosporidium, which I can barely pronounce, let alone understand, it did pique my interest. When I first read about the possibility of the city of Portland having to adhere to the environmental protection agency's mandate that we filter the water from the Bull Run reservoir for the problem that seems to me that we don't even have, I was somewhat stunned. To my knowledge, the city of Portland has never had an outbreak of this bacteria. We have one of the cleanest and best-tasting waters in the nation. Why would we need to filter against something that is even not detectable in our water? We would like to authorize -- or excuse me. Why would we authorize the expenditure that could be over \$200 million in capital costs and potentially millions in the future to maintain when we're already struggling with ever-rising water and sewer costs, when we can't even afford what we have right now? I'm in total support of the resolution in front of you. I'm committed as a taxpayer, a homeowner, a business person, that drinks this water all the time, but I am in this community to help the city of Portland in its endeavor to pursue a waiver, or what is whatever is in the toolbox, for this necessary treatment. In closing, I would like to thank specifically mayor Potter and commissioner Saltzman and your offices to convene and work to bring together this coalition that has put this resolution together, and am in support of the resolution and moving forward to discussions -- further discussions here and in Washington, D.C. Thank you.

Potter: Thank you.

Scott Fernandez: My name is Scott Fernandez, and I'm speaking this time as a citizen of Portland. I would like to thank mayor Potter, commissioner Saltzman and the city council, along with Austin Ragione and Sara Culp for all their hard work. Information about It2 and cryptosporidium in drinking water has changed since 2002. Back then we were told cryptosporidium was endemic, which is measurable low-level disease. We know now that's not true. We were told also that drinking water outbreaks just routinely happened. We now know that catastrophic sewage exposure is the common denominator with these outbreaks. We were also told that added treatment would save many lives. No deaths relating to cryptosporidium and municipally drinking water have occurred in 12 years on a national basis. So the question is, is there a problem with cryptosporidium in the Portland drinking water, such that we need additional treatment? And the answer is no. Why is that? The pristine protected Bull Run watershed acts as a barrier and should be recognized as such. The watershed has no agricultural, industrial or municipal sewer exposure to sources of cryptosporidium outbreaks. The only assistance our watershed needs is decommissioning the unused roads. For less than 2 million they could be restored to their original purpose, reducing sediment entering the drinking water system. In addition, I would introduce the concept of hazard analysis critical control point, also known as HACCP. It provides consistent quality assurance monitoring. It was first used at NASA. Currently used at the FDA for orange juice and seafood, USDA was using it for seafood, and other organizations are adopting it. It's simply a series of checkpoints in the distribution system, using technology to measure water quality and provide an early warning. Backflow and cross connection contamination are always a possibility in our drinking water system. Had had the early warning system been in place, the Milwaukee, Wisconsin, outbreak could have been prevented. In closing, providing treatment for a problem that does not exist is not good public health policy, and it makes no economic sense. Thank you.

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Potter: Thank you.

Adams: Could I --

Potter: Yes.

Adams: I mean, i'm inclined to agree with supporting this measure, but I noticed you shaking your head during some of scott's conversation.

*******:** Uh-huh.

Adams: Could I ask for a very quick response?

Notson: I have called the centers for disease control to obtain information on the cryptosporidium outbreak that happened in milwaukee, wisconsin, on april 7, 1993. 403,000 people became ill, 100 died. It is not a minor thing. This is a very big concern. Frankly cryptosporidium is found worldwide, in any warm-blooded critter, whether it's a bird, a human, or a deer can actually carry this. Just because there are no cattle stampeding on bull run, that does not mean that there is no crypto up there from raccoon, squirrels, or others. It's even in the federal register that there has been cryptosporidium in -- found in humans that came from deer.

Adams: Thank you.

Fernandez: If I could make a comment also, that the human species and the bovine species are the only ones that have -- that have been linked to outbreaks. We know the cryptosporidium is in the environment, but in our watershed it is not a problem, and in our public health drinking water system it is not a problem.

Adams: Thanks.

Potter: Thank you. Thank you for being here. Please state your name and you each have three minutes.

Dee White: My name is dee white. And I live on southeast 49th. I'd like to dedicate my three minutes, acknowledging joe miller from the bull run interest group. I'd like to offer my sincere gratitude and thanks to mayor Potter and councilmember Saltzman for initiating this resolution. Thank you, thank you, thank you. There's a lot of support in the Portland community for this resolution, and I believe that the support would be overwhelming if the public were educated on this huge treatment issue with all of the politics left out. Transparency in government and open public processes are vital for good governance. The e.p.a.'s lt2 rule has been in the making for a decade, and the water bureau, our Portland water bureau, has been sitting with the e.p.a. at the table most of the time. Yet the language, as it is written today, would require that us ratepayers pay for treatment of our pure bull run water. This is despite the fact that there's no data or actual evidence that supports this upcoming requirement. Portland is part of the unfiltered system's working group, along with new york, boston, san francisco, seattle, and tacoma. In a written review submitted into a this group to the e.p.a. In january of last year, the group stated that this proposed rule overstates the benefits and understates the cost and may actually be -- cause harm to the regulated community.

All of the members of the unfiltered systems working group signed this critical review, except the Portland water bureau. We have the most pristine watershed of any of the unfiltered groups. The water bureau itself has stated that treatment would provide less or no measurable benefit to the Portland ratepayer. So why did Portland -- the Portland water bureau not sign on to this review with the other unfiltered groups? I have yet to hear an answer on this from our water bureau. Bull run needs an advocate in our city government. The philosophy is all wrong. So I turn to you, mayor Potter, to start the search for an advocate within our city government, someone or some party who will look out for the ratepayers' interests and not the interests of unscrupulous engineering and consulting firms and other special interests who have won, and will stand to win contracts worth millions and millions of dollars for work that does not need to be done. Finally this rule could withstand a legal challenge. An advocate for our bull run system on the government level could be instrumental in promoting and sustaining this resolution and just basically making this entire

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treatment issue right. Are you, mayor Potter, and city councilmen, willing to honor this request? Thank you.

Jay Ward, Oregon Natural Resources Council: Good morning, mr. Mayor, commissioners. Thank you for the opportunity to speak this morning on this proposed resolution. My name is jay ward. I serve as the conservation director of Oregon natural resources council, a statewide organization dedicated to protecting Oregon's wildlife, wildlands and appropriately enough for this venue, waters, as an enduring legacy. We have a longstanding interest in the bull run watershed and in Oregonians' clean drinking water supplies. We've consistently advocated for the protection of Oregon's federal lands, including those that make up the bull run watershed. We greatly appreciate the efforts of previous Portland city councils and Oregon's congressional delegation to pass legislation which initially enhanced protections for the bull run, and ultimately included little sandy watershed in the bull run management unit. While i've not appeared before you in regard to the filtration issue, our executive director served on the bull run treatment panel and has met with council on this matter and continues to participate in efforts to maintain drinking water quality without resorting to a ridiculously expensive solution to a problem that only minimally exists in Portland's drinking water supply. Portland is blessed with the unique natural heritage. In 1904, president theodore roosevelt signed legislation to prevent human entry into the bull run reserve, except too those necessary to protect the water supply. That heritage, despite some misguided logging from the 1950's to the 1990's, has served to protect our drinking water from commercial, residential, and industrial development, from sewage, viruses, bacteria, cryptosporidium, chemicals, and industrial pollutants that exist in most drinking water supplies in this country and throughout the world. We are grateful that Portland is resisting these expensive federal one--fits-all requirements to filter the waters of bull run. We believe there's no evidence of disease due to cryptosporidium in Portland and no qualitative means of demonstrating that filtration will decrease incidence of any future disease. While filtration may be necessary in watersheds of humans and cows, the bull run has neither. There's no scientific evidence to support the federal government's assertion that we need filtration. Indeed many forms of filtration will bring their own associated health risks. That would be a terrible mistake if we were to allow the increased development in the watershed. The bull run's prohibition on human entry has served Portland well and has been a terrific effective barrier to the transmission of waterborne disease. For that reason we must continue to maintain the heritage bequeathed to us by president roosevelt who wisely saw the threats of human development, waste and disease, and decided to rely upon the natural infrastructure of bull run, a watershed that could be closed as an alternative to the willamette. That was and remains to this day the key to Portland's pure water. In closing, mr. Mayor, and commissioners, our staff and members, strongly support your efforts to protect this precious resource in the most efficient and cost effective way possible. We support this resolution. We look forward to continuing to work with you to safeguard our amazing bull run water and the current an future health of our community. Thank you.

John Wish: My name is john wish. I live in southeast Portland. Mr. Mayor, commissioners, I thank you for the opportunity to be here. Since retiring from lewis and clark college in 2000, i've been working on water issues, thanks to erik, I think sometimes commissioner Sten has not been happy that i've been involved, but we've disagreed and we've agreed. I appreciate your work and I appreciate commissioner Saltzman's work. I specially appreciate mayor Potter and scott fernandez who have taken this idea that we're solving a problem, spending tens, if not hundreds of millions of dollars, proposed by the water bureau, for a problem that doesn't exist in Portland. And I thank you, and I just want to say I wholeheartedly support this measure. I'm a little bit sorry that the whereas, number eight, which dealt with -- explicitly with a toolbox, was removed at the suggestion of the water bureau, and last week from the draft resolution. And I would like to see that micro toolbox in there. But thank you, I wholeheartedly support this.

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Potter: Thank you. Thank you for being here. Please state your name. You have three minutes each.

Floy Jones, Friends of the Reservoirs: Good morning. My name is floy jones, a member of the friends of the reservoirs. Thank you, mayor Potter, for making this strong commitment to aggressively seek alternatives for our bull run. We appreciate your taking this action to work for the protection of our pure bull run water and the interests of the community. It will protect the environment, public health and ratepayers. This is the kind of change that city hall, that the community has been seeking for many years, and one of the reasons that I supported you for mayor. We appreciate the efforts of your staff, the work of austin, and we thank commission Saltzman for cosponsoring this resolution. I'm sure that your staff has told you that there are many concerns regarding the water bureau involvement in this lt2, misleading the public, keeping consultant contracts, and significant information related to the development of this federal regulation hidden from the public. I just ask that you please, please, take their counsel regarding this federal regulation with a grain of salt. In october, 2003, the friends of the reservoirs publicly asked council to expend resources in fighting this bad science rule. Since then we've invested many hours in researching the development of this regulation, the role of our water bureau, representatives, and consultants in this. I've gone here to outline what we've done since then. I guess i'll let you read that for yourselves. But I did make two points on the next page regarding points for our white paper, and that's just stating that cryptosporidium in our bull run water is very insignificant. I've outlined specific data showing during measured periods, the low end it was .003 per liter. At the high end it was -- oh, that was the high end. The .003. During the last period, where we increased our sample size, for the 24-month period, beginning in january 2003 until december 2004, there was zero detected in our bull run water. Another point for our white paper we'll be developing is there that should truly be a new action bin for unfiltered systems. I've included in here a quote from tacoma, who is one of the large unfiltered systems. This comes from a document researched at the water bureau, a point I made earlier in the paper, is that just reasonable we've spent six weeks reviewing six boxes of documents at the water bureau related to this lt2, and it supports information that we have known all along, that the science regarding this rule is poor, that our water bureau's been involved in the development of this regulation for many, many years. And i'll just end by saying that we do look forward to working with you and your staff, as well as the city lobbyists in the months ahead to make this effort a success, ultimately protecting our community from the many concerns associated with the construction of any bull run treatment plant. Thank you.

Potter: Thank you.

Greg DiLoreto, Tualatin Valley Water District: Mayor Potter, members of the city council, my name is greg diloreto, the general manager of the tualatin valley water district. I'm here at the request of the board of commissioners of the tualatin valley water district. I spent the last 15 years working with other water providers in our region on water supply planning issues. I was one of the two wholesale supply planning members on bull run treatment panel, and I served as chair of the regional water providers consortium, and now the lead negotiator on renewal of our contracts. We're a public water provider, located westerly and adjacent to the city of Portland. We provide domestic water service to nearly 200,000 people in Washington county, including complete contract operations with the city of sherwood, valley view and southwood water districts, representing another 16,000 people. We're one of several Portland wholesale water customers who have been purchasing water from the city for nearly 100 years. Tvwd is by far Portland's largest water customer. Last year we purchased over 4 billion gallons of water and paid approximately \$4.6 million, or about 7% of the revenue to the Portland water bureau, not including our \$1.3 minimum purchase penalty that we pay. Wholesalers provide approximately 22% of the revenue to the water bureau, just over \$15.5 million. Tvwd is concerned that the proposed resolution focuses only on the threat of cryptosporidium, but does not consider the mitigating remaining hazards identified in the

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report of bull run treatment panel, issued in september of 2002. This panel consisted of a number of distinguished scientists and panel members representing various stakeholders in the Portland water system, including two representatives from the wholesale group. While your proposed resolution adequately addresses the findings regarding cryptosporidium, it fails to note the other benefits that were identified by the citizens panel. Those benefits, using the treatment option recommended in the report, which are particularly important to tvwd, include increased reliability of the bull run water supply, additional water from the bull run, especially important to us, since there's been no supply source additions for 20 years, and elimination of the yellow color that occurs nearly every fall, which is a constant complaint of our customers. The tvwd board of commissioners upon receipt of this report reviewed it in detail with public discussion. We formed our own citizens panel. We concluded that despite the cost the added reliability and security of the bull run system was necessary. The commissioners passed a resolution supporting the treatment option outlined in the report. We've gone so far as to include, in our financial forecast, and our water rates, our share of the cost of the treatment option. We are prepared. We're now concerned that this issue was discussed without tvwd or the wholesalers participation. In fact, we didn't find out about this issue until we read about it in the newspaper. For the past six years, we have been negotiating the renewal of our wholesale contracts with the city of Portland water bureau. One of our biggest fears is the fact that Portland will be unable to reliably supply the water we need. We're also concerned that major decisions concerning the long-term viability of water supplies for residents of our district are being made without consultation. It sort of appears to us that we have no input or influence in the decisions that are made regarding our water supply. We're legitimately concerned that the city will be unable or unwilling to respond to our needs concerning water supply, therefore we ask two things. First, that you consult with your wholesale customers before you considered a proposed resolution, and give consideration to the recommendations that were contained in the bull run treatment panel report, including weighing the benefits of filtration not related to cryptosporidium, such as increased supply reliability. More water being made available and a decrease of the public concern regarding turbidity and the yellow color of water each fall. And the second, in the future, wholesalers, your largest customers, be consulted and included in discussions of this magnitude. Thank you.

Potter: Thank you.

Cascade Anderson-Geller: Thank you. My name is cascade anderson geller. I live in southeast Portland, by mount tabor. I have a few things that I wanted to discuss. Let me just open with the turbidity issue and regarding filtration. I didn't know anything about filtration until I started to get involved with Portland's water issues around the open reservoir replacement project. I didn't understand what it meant to have filtered water. It sounds like a good thing basically. As I began to research, especially finding out that the filtration plant was going to go at powell butte, and i'm a park lover and have worked in the -- for public lands for a long time, I became concerned. It was a five-acre footprint. It had an effluent coming off there that was toxic. Why was it toxic? I wanted to know. Looking into that, I found out that it is toxic because there are substances that need to be added to the water after -- before it's filtered to take the turbidity, take the color out. These are called acrylamides, substances regulated by the e.p.a. there's cancer-causing substances. The whole filtration has been sold to the person must be without adequate science, without people understanding will very important issues about water. Why has this been sold to the american public? That was my next question. How could we get this far along, with communities are buying into these filtration plants, causing ratepayers tremendous amounts of money? And how could we have gotten this far into the e.p.a. wanting to -- to have communities like ours have a filtration plant? I think that you can go all the way up to the academy of scientists with this, which is very unfortunate. It has to do with resolving door industry and policymakers in collusion, without the knowledge of people that should be over-- overseeing these things. I don't -- I would love to have a

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conversation with mr. Diloreto about this. I don't think any of us want cancer-causing agents in our water. I don't think that most people are aware of this when we talk about filtration, and we need to make clear in our conversations, with not only the e.p.a., but with our public, that we're not seeking a waiver to get out of good water, that we want our water to be maintained really good, and we think it's better without some of these agents that are needed infiltration. The other thing about the filtration plant that has not been discussed publicly, is that the membranes themselves are problematic. This water -- they get dirty easily. They're washed with toxic chemicals. All of this comes down out of those plants and has to be trucked away as toxic sludge. It also -- remnants stay in the water. The e.p.a. is already setting up regulation to look at these items, including acrylamide. I appreciate you taking a leadership role on this.

Adams: Quick question for greg. First hi. Good to see you. How long would it take -- how long do you think it would take to consult with your agency and other partner agencies?

DiLoreto: Probably not very long at all. We meet actually monthly as a group, so we can have that conversation. We'd just like to be involved in the process.

Adams: So it would take a month?

DiLoreto: Yes, sir.

Potter: Thank you.

DeLoreto: Thank you.

Saltzman: Well, on that point, I mean, you know, I think what greg just said will represent comes back to us in a month or two months from the wholesale customers. I guess rather sort of saying let's kick it back to you for a month, let's make sure that greg and our wholesale customers are involved in our strategy from this point on. I guess that's what I want to see happen.

Potter: We'll call the staff back up after we've heard the rest of the public testimony.

*******:** Thank you.

Potter: Thank you for being here. Please state your name. You each have three minutes.

Hillary Barbour: Good morning. My name is hillary barbour. I'm staff to congressman earl blumenauer on environment and natural resource issues. This means that we deal with water, the bull run, and the lt2 rule. Congressman blumenauer met recently with mayor Potter about this issue, and we look forward to continuing our -- continuing our work with you on the city council and your staff. Our federal partners in the delegation, the citizens, and business groups who are involved who resolve the matter, both here and in Washington, d.c. We're pleased to be part of a strategy that's developing right now and look forward to continuing our work.

Potter: Thank you.

Alan Sprott, Cascade General: Good morning. Almost afternoon. But i'm the director of environmental services with cascade general. We provide ship repair services down on swan island. I'm here representing cascade general and the Portland water users coalition. Together we strongly support this resolution to seek alternatives to the enhanced water treatment rule. We've been following the bull run treatment issue now for the past couple years, and strongly believe that treatment of Portland's water supply for cryptosporidium is unnecessary and expensive. We are a large user of Portland's water and sewer services, and combined with the rate increases associated with the cost of the c.s.o., the cost of water treatment, will have a significant impact on our business. I just close by saying, mayor Potter, we appreciate your leadership and commissioner Saltzman, your leadership, and the council's support on this resolution, and offer any assistance that our company can provide you in seeking these alternatives. Thanks.

Potter: Thank you.

Scott Fernandez, Portland Utility Review Board: My name is scott fernandez, representing the Portland utility review board. The Portland utility review board has a long history of requesting a waiver from the long-term 2 enhanced surface water treatment rule. In the summer of 2002, before the bull run treatment panel adjourned, they asked commissioner Saltzman to request a waiver from

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e.p.a. On the It2 proposed regulation. The scientific and economic information surrounding It2 has changed significantly since the bull run treatment panel took their final vote in 2002. In august 2004 we issued a second request to our elected officials if a complete waiver acknowledging the following -- that the watershed protection and improvement are important to water quality. The public health impact has been overestimated. The capital improvement cost has been underestimated. In february 2005, for a third time in over two years, we requested a complete waiver from It2. We're pleased to see mayor Potter move this process forward and thank the city council for the opportunity to support this public discussion. One matter that was brought up earlier was the whole idea of sustainable and environmental friendliness. No additional treatment is being consistent with the Portland philosophy of green and sustainable living. With no additional treatment, we would not be wasting vast amounts of electricity through energy-consume processes, such as u.v., ozone and filtration. No additional treatment also removes the risk of mercury, teflon, formaldehyde and other unknown disinfectant products. We're aware of costs to residential, commercial, and wholesale customers, and we believe controlling costs are very important. But we also believe that controlling costs, one way to control costs, is to not incur them. And we support no additional treatment. Thank you very much.

Potter: Thank you.

Moore: That's all who signed up.

Potter: Ok. Could we have the staff come back up, please?

Simon: I wanted to clarify one response I had earlier to commissioner adams. The question about whether the city has actually specifically requested a waiver or an exemption. In the currently-drafted regulation from e.p.a., there is no provision at all for a waiver or an exemption.

Commissioner Saltzman's efforts over the last couple of years have been focused on getting that waiver and exemption provision in there. So presumably we could utilize that. Since that's been -- that has been what has been officially turned down by e.p.a. We expect, if the currently drafted regulation was promulgated today, there would be no waiver or exemption provision to apply for.

Adams: Why did the city not sign on with the other unfiltered water user group?

Anoushiravani: Commissioner, their issues are very different than our issues. They're essentially complying with the requirement of the regulation. The differences is on the issues that they're raising was on the technical matters of the new additional technology installed, if they could get that additional credit or -- to meet the regulation. For example, all the other systems that you're talking about have either gone to filtration, have installed filtration, during the process of it, or they've installed during the process of actually installing u.v. treatment. So they're in a very different class, if you will, than Portland. We can share with you actually what they state of the compliance of the other systems are, if that would be helpful.

Adams: Would you like to speak to the resolutions and the concerns expressed by Greg DeLoreto?

Anoushiravani: As far as I know they were at the February 10th meeting. Their point is well taken. They will continue to participate in what we do.

Adams: So they had a chance to look at the draft resolution?

Anoushiravani: Yes they were at the February 10th meeting.

Potter: Did they participate in the Feb. 10th meeting. Did they have a seat at the table?

Simon: Oh indeed. The Feb 10th meeting was really the first kick off of the community-wide process and they were there present at the meeting and I believe spoke and made some important comments.

Leonard: Just to follow that up. I'm not getting a clear answer to what the Mayor asked. Were they actually members of the committee, or did they come to a quorum and testify?

Anoushiravani: This wasn't a formal committee if you will, commissioner. This was basically all the stakeholders that we have identified. And they were all invited and participated. I am going to turn it over to austin. He knows more.

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Leonard: Say that he read about this in the paper. There's a huge difference of opinion.

Austin Raglione: I am austin in the mayor's office. Greg did read about the stakeholder's meeting in the newspaper. And he brought it to my attention that he had -- the wholesalers had not beneficially invited to the stakeholders meeting. I met with the wholesalers and acknowledged that it was my oversight and did apologize to him and made sure that he was invited to the stakeholders meeting that we did have on february 10. So that's how it came about. I guess to be perfectly honest I didn't really realize the wholesalers existed in work three of working for the mayor.

Leonard: Did the water bureau know they existed?

Anoushiravani: Sure.

Leonard: I am wondering why austin is taking responsibility.

Anoushiravani: Austin was leading the effort, commissioner and we were in support of what they were doing.

Raglione: So initially it was an oversight on our part and since then, they were at the meeting. They have been represented. They have been part of our stakeholders communication that we have been involve in on a daily basis since then. And I just talked to greg and he realizes, you know, he is definitely considered part of our stakeholders group and sits at the table. Does that clarify?

Leonard: It does.

Saltzman: I would be interested in adding a resolve to that effect. To this resolution that would say therefore be it further resolved that the city council will work in full consultation with our wholesale contract customers in the pursuit of this legislative strategy so I would make that motion to add that.

Leonard: Second.

Potter: Let's take a vote on that.

Adams: Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye. **Potter:** Aye.

Leonard: I guess speaking to the language, is it legitimate to ask that we take the waiver language out and put in the language that encapsulates what commissioner Saltzman said we were doing with reference to a toolbox? Does that make sense?

Potter: I thought we took the language out.

Saltzman: I mistakenly thought the amendment was to put that in. I realize we are taking it out. I think that's still our approach. I don't know why we are taking the verbage out.

Potter: Anybody want to comment?

Saltzman: The word "waiver" is removed.

Simon: Just a couple words. The word "waivers" are throughout the resolution removed and alternatives, and the I hope I will state this appropriately. That specific paragraph was removed not because of the issue of the microbial toolbox but because it referenced alternative treatment techniques and some of our community partners, the friends and others, and the purb objected to that because they thought by referencing what the other unfiltered systems were doing it pointed us specifically to treatment techniques and they wanted clarity that that was not the specific intent of the resolution to substitute one form of treatment for another form of treatment. So that's why that was specifically removed.

Raglinoe: So it was removed not at the request of the water bureau, but of our community stakeholders.

Saltzman: Nevertheless to get this approach for unfiltered systems?

Potter: Does that answer your concerns?

Leonard: Yes.

Adams: You are wearing down commissioner leonard.

Potter: Thank you, staff. Thank you. Is council ready to take a vote? Karla, please call the roll.

Adams: Well, I want to acknowledge the leadership of mayor Potter and commissioner Saltzman, friends of the reservoir, the purb, also the good work by austin. I know firsthand the good work she

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is capable of. I am glad that the city is adding an exclamation point to apparently a longer term position. And I vote aye.

Leonard: I would agree with the observation that we need to be more proactive with these issues. And I think I will stop there. Aye.

Saltzman: Well, I will start by thank, mayor Potter making this a priority for our city. Prior to this year I have overseen the environmental service bureau for six years, the water bureau for two and a half and during this time the most common call I have heard from constituents is the financial pressures placed upon them. By Portland's sewer and water cost. So we need to do everything we can as a council to assist our residents with these bills. We want to be mindful of our customers. They provide 20% of our revenue. As the water bureau commissioner I did write the e.p.a. twice about this regulation and gone on record opposing it for Portland. I welcome the efforts of the entire city council in this regard. As a diverse community we have diverse interests. Wanting us to lobby against the e.p.a.'s rule and these diverse interests do see different ways going about this effort. I believe the resolution in its current form is the best balance between all of our communities's diverse interests and we must remember that the e.p.a. and federal regulators will look to this resolution with a critical eye and hold this council to its stated goal allowing Portland alternative and much less expensive mechanic niches for complying. I think we can do this aye.

Sten: Very good testimony today so I want to thank the different interest groups and I also want to thank mayor Potter and commissioner Saltzman for bringing this forward. A couple of quick thoughts. We have the world's best water. It is the best in the world thanks to the foresight of 100 years ago. If you have not there is the ability to go up there and see it. I would strongly recommend. You have to sign up because there's limited access for obvious reasons. I did spend years trying to get the most obvious thing in the world done which was get the little sandy protected as part of the bull run watershed so I have no doubt this is going to be very hard. That was nothing nobody disagreed and it still took a wrong time. I want to make a very quick argument to the community and a challenge. I think what this conversation lacks, there's pretty, there's a good agreement on this but I think the entire conversation around the bull run including our wholesale customers, the interest groups who have done a terrific job, I have woken up in the middle of the night and wished I had never invited John Wish into this. Not really. [laughter] it's the passion around this. He was joking about this. I think that is so important. It's the world's best water. It's an enormous health asset. It's an enormous economic asset in the future. We only use 15% of the bull run's annual yield in a world that is literally going to see people dying for lack of water. And so we need to come together and put this decision in the context of a 50-year agreement. We continue to fight about the specifics and I am not in any way being critical or implying the fight about the specifics are not appropriate or important. They lack a context. We try to do this five or six years ago with the wholesale customers, bill systems, over things got in the way and we did not get there. I believe if we had a long-term vision and context, Wilsonville would not be drinking the Willamette which personally I believe is bad for their health and uneconomic. I think in the long run the bull run should be the source of water for this entire region. It's almost a moral issue if you have water of that quality we ought to be sharing it and using it in a responsible way. I also believe by using the bull run in an environmentally sensitive fashion we can finance doing the things we need to do to protect it. And there's an argument underneath that about each of the infrastructure pieces but I think we need to commit to the bull run as the future of this region's water. That's why I am proposing with the rest of the council members that we take the discussion up a level, including the wholesale customers and spend the next year trying to get to that type of vision so knew we can put these issues in context. I actually think we will debate some specific issues less if we have more of a long-term plan for the bull run and frankly given the wonderful legacy we were given of this health providing water a hundred years ago I think we owe the future no less. I want to put this in this context. I think it can be done and thanks to the leadership that put this piece in

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place, which I believe can allow us to get to the higher place, and I would say there is a lot of passion on all sides for the bull run and it's channeling that passion and getting us working together that's going to solve the problem. So with that I vote aye.

Potter: Well, I too want to thank a host of people. And unlike commissioner Sten, I actually John wish helped educate me when I was a candidate about some of the water issues from the community side and I really appreciate that. I also appreciate the work that our volunteers do on the purb as well as congressman Blumenauer's office. I think we're very fortunate to live here and have the water from Bull Run as our drinking water. The U.S. Environmental Protection Agency is expected to finalize a rule this fall that would require costly treatment of our water for a bacteria that is present in such low levels that building a multimillion dollar treatment plant mandated by the federal government just doesn't make sense at this time. Commissioner Saltzman and Commissioner Sten have taken the lead in these issues for many years. And I think that they have made a case to the E.P.A. that we need some alternatives to this treatment rule. Now it's time to take the next step. And I am working with Commissioner Saltzman and many others from the community as we take our case to Washington, D.C. in a unified approach for a better deal for Portland. The city council panel appointed by Commissioner Sten has provided the city with a good body of work that will help us pursue this effort. This group made the point that the Bull Run watershed is a high quality water source and that these additional regulations probably won't produce measurable benefits for public health. I wish to thank all the people involved in helping move forward this unified approach. And strategy for the benefit of our taxpayers. It's not a bad thing to have a broad variety of reasons for avoiding treatment that all point us toward the same end. I appreciate the involvement and advocacy of our community groups and individual citizens who care about our water. I want to thank our staff. We need continued cooperation and collaboration to move this forward and I look forward to pursuing this in Washington, D.C. Aye. [gavel pounded].

Potter: It's now 12:12, folks. Just check welcome the staff. We do have voodoo doughnuts behind us here so I think we can sustain ourselves. I would prefer to keep going since we have folks here that had come in to testify. Is that ok?

Saltzman: Yes.

Potter: Thank you. We are on to the regular agenda. Rimco-

Potter: Staff come forward.

Item 149.

Lana Danaher, Bureau of Environmental Services: I am Lana Danaher with Bureau of Environmental Services. I am happy to be here today. I am bringing today an agreement that will make it possible for OHSU to include in South Waterfront project block 25 a private on-site wastewater treatment and reuse system. This system is part of a very innovative and comprehensive environmentally sustainable development. One we are very proud to have been part of making happen. In fact, it's so innovative that it has been applied for and is eligible for a LEED Platinum certificate and that will be first on the West Coast, I understand. This agreement allows them to have an emergency connection in the event of a failure of that system and to batch discharge the leftover sludge. My highly technical term for that is yuck. Yuck. We won't go there. It also acknowledges that they do not need to purchase capacity and so therefore will not be subject to S.D.C. charges except for that batch discharge. That saves them enough money that will make it possible for this to be affordable. I am available to answer questions. Dennis Wild, the project manager, was here but he had to leave.

Potter: Any questions? Thank you. Karla, is there anyone else to testify?

Moore: If there's anyone in the audience?

Potter: Ok. Does council have any further questions? Are we ready to vote? Karla, please call the roll.

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Adams: Great project and I want to take this opportunity to thank lana for all of her good work over the years on many, many projects. This is just a continuation of a number of innovative successes that you helped lead with the team over at b.e.s. Thank you. Aye.

Leonard: Aye.

Saltzman: Well, this truly is a pioneering technology, on site sewage treatment through bioremediation and through a biosystem so it really does hold great promise for the future and a leed platinum certifications for the. Is a greet distinction for Portland to have as well. Hope we get both. Aye.

Sten: I am not quite sure what it is but i'm all for it. Aye.

Potter: I would like to thank commissioner adams for thanking all the people I was going to thank. So with that, aye. Ok. Karla, item 150.

Item 150.

Potter: Ok. This is the second reading and we are going to be taking a vote.

Adams: Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

Potter: Aye. Karla, item 151.

Item 151.

Potter: Staff?

Ron Bergman, Director, Bureau of General Services: Mayor Potter, members of the council, ron bergman, general services director. Item before you is the first step in two-step process for getting to stability with pge park. This is an extension of the current operating agreement with p.c.l. for 2005, or until a longer term agreement is reached with a new owner of the team that the p.c.l. is trying to acquire. That leads us to the second step that would be coming forward to the council at such time that we do have a longer term agreement with a new owner. And we would be coming back to you at that time. Last week you had a number of questions about pge park. We provided you with financial background that you had asked for. Hopefully those questions have been answered.

Adams: Did you stand ready to report to the community the, publicly, the answers to the issues and questions we raised last time?

Bergman: Sure.

Adams: Can you run through those? That would be great.

Bergman: The question on the finances for 2004, there was an operating loss to pge park of about \$277,000 last year that was covered by profits from the other facilities in the spectator facilities fund, principally, the rose garden area. And our forecast is approximately the same for 2005.

*******:** Any other questions?

Adams: If you could tick through the other concerns raised.

Dave Logsdon, Spectator Facilities Manager: Dave Logsdon, spectator facilities manager. A second issue that was raised last week involve the status of Portland state university and their negotiations with the park operator for a new agreement. We did touch base with tom berman, the athletic director and the general manager of pge park, verified the conversation they had. Both sides felt that they are off to a good start in discussions about a new agreement. They have set a time frame of the next three to four weeks or so. They would like to have a draft agreement developed. I offered my, whatever I could do to facilitate, you know, keeping that conversation going and getting to an agreement. And I think both parties at this point are confident that they will be able to achieve that.

Leonard: To back that up, Portland state tells me that your inquiry helped a lot. That was good.

Bergman: Council also asked about constituting a review committee for reviewing a long-term agreement and we have contacted the turn around team that's helped us on previous issues with pge park. And at this point, all but one have confirmed they are willing to serve again and we are just waiting for that last confirmation.

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Adams: Could you give their names?

Bergman: Harold poland, david kahn, conrad myers and steve bradley.

Adams: Harold polland, Tri-county lodging, david kahn, Portland sports authority, who is the next one?

Bergman: Conrad myers.

Bergman: Conrad myers is one of the few folks that are certified turn around specialists that do business in the city of Portland. And then --

Bergman: Steve janik.

Adams: I suggested not steve janik but rather sam brooks or someone else from the east side of the city. I think steve janik will continue to serve as -- might continue to serve as an outside consultant.

Bergman: The last one, john bradley.

Adams: John bradley from northwest and also helping to represent northwest neighborhoods. This team was instrumental in helping us get close to break even as we have in addition to work of staff.

Can we also ask you for further due diligence on the sponsorship issue? And you have looked into that further. And are you as assured as the folks running the place they are doing everything they can do for making sure the sponsorships and ticket selling goes well?

Logsdon: Commissioner, yes, I think they have. I think from the information that was provided there has been a very substantial increase in staff. They have targeted certain sponsorship opportunities. I think they are doing, they have put more of an emphasis on community outreach that would, you know, for the long term develop a better image and additional opportunities for sponsorships and group ticket sales. I think we've seen a very substantial increase in the effort there.

Bergman: At this point, the marketing efforts for the 2005 season are hindered by the cloud over whether or not we are going to have a season since we don't have this agreement, and this agreement would, in fact, help that effort.

Adams: Our cloud of one week will pass. Perhaps soon depending on answers to all our questions. Can you please provide us with the status of negotiations who the p sale is talking to and who you are talking to for future ownership possibilities?

Bergman: We are discussing with a potential ownership group that is represented by mr. Art savage from sacramento. We are not completed with those negotiations. And so until we finish that, finish getting more information about the group, we're not ready to come forward with anything to the council.

Adams: I had a chance to hear for myself some of commissioner Saltzman's concerns and I know you had conversations I believe with him as well. Would you like to report on those conversations whether he's inappropriately picking and choosing, inappropriately in terms of the best interests of city taxpayers who is negotiating with?

Bergman: Well, I think the p.c.l. certainly believes that they are looking out for the best interests of the city and the league in terms of finding ownership group that has the financial backing that has the ability to meet the responsibilities of the team and the community.

Adams: That is your assessment as well?

Bergman: It's difficult to know with the exemption baseball has in terms of anti-trust right now the ownership of the team is held by the p.c.l., there's, you know, we can only deal with an owner that has a team to play here. Right now that's controlled by the p.c.l. we are not a party in terms of picking who those potential owners might be. We are open -- we are open to talk to who ever. That's exactly right.

Adams: That allows them to have the ability to pick and choose?

Bergman: That's correct. We are open to talk to anybody that has a team that is willing to play here and that can approach the 100 events a year that the naming rights agreement provides for.

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Logsdon: If I may there's another piece of information I think it's important to keep in mind. When city council passed the current agreement with the p.c.l. in 2004, there was an exhibit to that agreement which defined the city's terms in a general way that the city would look for in a longer term agreement. And in our discussions with the potential group led by art savage that has been our guidance in terms of that negotiating process. As ron has said, at a staff level had not reached final terms but ultimately it will be the council's judgments if we have done an adequate job of following those guidelines. I think we have come very close to achieving those revenue goals and that was --

Adams: I want to underscore that to help us ensure on behalf of the community that the negotiations that you are somewhat through are the best that we could possibly get from any other operator. I just want to underscore that we are open to receiving any offer from anybody, any competing offer from anybody, even if p.c.l. hasn't necessarily approved them and then that would be a matter of future negotiation with the p.c.l., but if someone has the resources and inclination to step forward that they can reach you at what number? 823-

Bergman: 6828.

Adams: 6828. That's all.

Potter: Any other questions? Council, normally, a second reading we do not take public testimony. There are several people here who wish to testify. What is your feeling on opening up to their testimony?

Leonard: Sure.

Saltzman: Sure.

Potter: Ok. Thank you very much, staff. Karla, we have a small group of folks who wish to come up and testify. Please have them come. I would like to also advise the folks speaking that you do have three minutes.

Hal Saltzman: I am Hal Saltzman and I am sorry last week I did not understand that three-minute limitation. My wife gave me hell and told me to get my hearing aid.

Potter: I like your wife. [laughter]

Hal Saltzman: Mayor, and council, I am here to try to help solve this problem. I have heard from the staff and mr. Adams that they haven't heard from anybody. The reason they haven't heard from anybody is that everybody has been threatened with a tampering lawsuit. I can tell you right now there are at least two and possibly three firms that would love to come in here and would offer a great deal more money than what's in the term agreement. I have been in conversation with them. And they are very guarded. But I have been very persistent. I tell you this in the way of dollars. They will pay a minimum of \$200,000 over the term agreement. In addition they project at least \$100,000 more from ticket revenues, the 6% tax. That's a lot of money. I tell you what it does. It buys four to five firemen, four to five police men and four to five teachers, not total. But, you know. And that's a lot today. The p.c.l. has not looked for anybody else. Art savage is a director and it's like a little fraternity. And he's been scampering around for almost a year trying to get investors where he would be a consultant. He would be a consultant because the p.c.l. doesn't allow an owner to own two teams. His consulting agreement I am told calls for him to get \$450,000 a year in addition half of the sale price over the cost. And ironical thing is I talked to branch rickey at some length a year ago. And he kept telling me how he wants local people. Well, to my knowledge there are no local people been asked by the p.c.l. And the one thing that can be done, and I have talked to a number of people on what if anything can be done, and these are baseball people, and they said if the mayor or one of the council calls there and says, we will give you an extension provided you open up so that other teams can compete, and the city is being hurt very, very badly by not getting competitive bids. There's a whole bunch of other things that go on but I am so nervous about the three minutes anyway, that's the crux of my point. I don't think the p.c.l. is looking except to art savage. And I don't want to get into personalities but he's considered in the p.c.l. When you think about what they grew last year between baseball and soccer, it cost the city a

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lot of money. I have talked to two teams and they would not submit a bid because they don't want to be tampering but I will tell you who they are. One is the goldcamp group. They own four teams and manage three others. They work with the minnesota twins and the yankees. In fact, they are 10 miles across from the minnesota twins with their independent league team. And they outdrew the Portland beavers here. The other group is the brett brothers. One is bobby brett and the other is his brother hall of famer george brett. He's people are well financed. They love to come here. I asked if they would just come here and make an appearance and they said no way. We will get slapped with a lawsuit. Unless you can get the p.c.l. to drop that provision --

Potter: Mr. Saltzman, I think your wife has a word for you.

Hal Saltzman: Ok.

Adams: I wanted to just clarify that I believe it is -- I would guess that it's the sentiment of the council that although federal anti-trust waivers allow the p.c.l. to control much of this conversation, we can have conversations with anyone who is interested in purchasing this team and as a matter of advocacy back to the p.c.l., get them to be taken seriously. But we need the people that you talk about and I know one of the operating proposed operating groups very well and their operations, they need to come forward and have a conversation with ron and david, and they can do so in a way that does not violate the -- or would not trigger the sanctions from p.c.l. We have been through this a number of times before so we know how to have conversations with potential owners without triggering sanctions from p.c.l. and I want to make clear, I think everybody up here is very interested in having as competitive a process as the federal law allows.

Hal Saltzman: I have read a paragraph on what is tampering. And according to them, anyone coming to you would be tampering.

Adams: We can get clearance from p.c.l. to have conversation was and seek to have conversations with anyone we want. It's a matter of advocacy of p.c.l. and we are interested and willing to do that.

Hal Saltzman: Ok. That would be great because that would take the heat off. And not only those two but there's another party that's very qualified that would like to, and --

Adams: And over the years having dealt with this issue I know there are a lot of people who have expressed buying teams in this city. What they need to do is to step forward and express an interest to us. We need to get the appropriate assurance from p.c.l. that they can do so without sanction but they need to step forward.

Hal Saltzman: If you get the clearance, you will have representatives here within 48 hours.

Adams: The first thing is they need to contact ron bergman and express an interest.

Hal Saltzman: I'm telling you they cannot do that according to the tampering rules.

Adams: We have in the past. So we will seek to get them whatever initial clearance we can for a conversation.

Hal Saltzman: As I read the definition of tampering, and anyone that talks about anything involving a franchise is tampering. I am not a lawyer.

Adams: We will get them the clearance they need to talk to us.

Hal Saltzman: Good.

Potter: Yes, sir.

George King, Director of Business Operations, Pacific Coast League: Good afternoon. Mayor Potter and city commissioners, I am george king. The director of business in baseball operations for pacific coast league. Thank you for extending to me and the p.c.l. three minutes of your busy agenda this morning. Jack cane is here and join immediate for questions should you have them for him. In the spirit of working together our intents are that of a partner with the city. Last week each of you were sent a letter by brant rickey, president rickey regrets not being here but he is today appearing at the u.s. Congress in Washington, d.c. at the invitation of the speaker of the house. He is planning to arrive in Portland the following week or two to begin the appropriate discussions with

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the city on a long-term tenancy at pge park following this vote. I understand that the additional information requested in last week's meeting has been provided to you. Let me just add also that since the p.c.l. rescinded the beaver's franchise from Portland family entertainment last april and subsequently assumed charge of the timbers soccer team. It's been financially and in the community. Thanks to the efforts of our long-time friend and colleague jack cane we are stabilizing a very messy situation. Let me also say that we are very aware of the importance of continuing a sound relationship with Portland state university. I understand those dialogues are moving forward with special and personal attention from jack. We look forward to securing an agreement that will keep that key partnership at pge park intact in the future. Prior to april last year several purported offers and expirations took place with and from p.f.e. and tiaa-cref and from a reconstituted p.f.e. to restructure the beavers ownership. All that failed and as a result of the poor financial discipline the p.c.l. rescinded the property in 2004. We incurred all the risks of operating the franchises and went about stabilizing the unease with the major league partnership in this formula in san diego. Which is the club that supplied us the players on the field. We met all bills and local obligations special to the city moving forward. Our turns to finding suitable ownership. Inner not the business of operating our franchises. Several potential groups came forward to the point when an organized effort had to be reinforced to keep the expanded complexities of the pending transaction in check. The p.c.l. and its subsidiary Portland p.c.l. baseball deems the current group coming forward best qualified to move ahead. We believe they represent the first opportunity for the beavers, timbers and pge park to realize their full potential. Because of the complexity of the ever moving elements of this deal, managing the negotiations only works allowing one party to negotiate across the several fronts required. P.c.l. is granted this option to this buyer group which has in advance invested significant financial support into the operations therefore stabilizing the franchises. Because we have full authority over the clubs it is our fiduciary to the city to find a suitable purchaser for the operation who represent as group we deem best qualified to resolve the matter. We are asking for your endorsement and approval the one-year extension of the operating agreement while we also would prefer a long-term lease with the p.c.l. season just five weeks away and some final complexities of the purchase of the franchise still needing completion or approval we are seeking the short-term to provide a stop-gap measure to allow that process to be completed. We prefer that option to having the matter reappear before you in a month's time. Thank you for the opportunity to address the council. Please look to us, the p.c.l., and beavers p.c.l. Baseball as partners of the city. We want to offer stability as you do and we are making our best efforts to accomplish that and I yield my time.

Adams: I really appreciate your being here today and give our best to branch. I assume you don't have any problem with us having informal conversations while these negotiations continue with the gold tip planning group, the brett group and another, any other group we want?

King: Keeping in mind the exclusive option that we have offered the current group and that's a moving process, we can certainly have that discussion.

Adams: Is that a yes?

King: Well qualified yes.

Adams: There you got it. Hall, you got what you needed.

Hal Saltzman: Well, this is the kind of thing that they have an exclusive agreement and they have a tampering threat.

Adams: I can't change federal law but what we got here is the opportunity to talk to some of these other groups.

Hal Saltzman: I have talked to george and he is a nice fellow.

*******:** Thank you.

King: I want to commend hal on his experience as a beaver and leading the p.c.l. In winning percentage I believe in 1949. Was it?

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Hal Saltzman: Right, right. I can't do it anymore. [laughter] anyway, I would be very happy. I will talk to George afterwards and hopefully with your permission.

Potter: We have one more person to testify.

Chris Smith, Transportation Chair, NW District Association: Thanks, George. I think there are other people behind me. Chris Smith, Northwest Pettygrove Street. Appearing as transportation chair of the Northwest District. I want to keep one issue on the agenda as you look at restructuring the agenda. But when we talk about stability, one element that I think is important is honoring the good neighbor agreement created between the operator of the city and the neighborhoods when we renovated the park. Last year council unilaterally withdrew from one part of that agreement by canceling the transit subsidy for the park that making each ticket a transit pass. That's an element that we feel is very, very important to keeping livability in the neighborhood by encouraging people not to use their cars to get to the park. As we restructure the deal and hopefully start to generate some money out of it, I want to remind you that it's a high priority to get that back in operating again. Thank you.

Potter: Thank you, folks. We have other folks to testify.

Moore: Jack Elder and John Bradley.

Potter: Thank you for being here. Please state your name and you have three minutes.

Jack Elder, One Wolf Soccer: Yes. My name is Jack Elder. I represent One Wolf Soccer. I do not have a prepared statement today. I wanted to listen to see what I could hear before I stated anything. One Wolf Soccer is prepared to come into a formal bidding process to be the operator of PGE Park. All we need to know is who we talk to, what the time limit is going to be, and who the materials we need to supply for it. One thing that does concern me is when there was a phrase here that says it was stated by someone the new owner of the team as the operator of the park. I think it was mentioned, phrased by staff. So essentially what you wind up with is a mental concept that whomever is the operator of the park is the new owner of the team. And we want to make certain that that is an open process by the team, it's always in reference to baseball. It's never in reference to the Timbers. Also we would be interested in the purchase of the Timbers if somehow we can separate that from baseball. We are not baseball operators. And we don't assume to be. But that is our position at this point. And we just want to make certain it's a fair, open, public process as much as possible according to the phrase that was bandied around here repeatedly, according to federal anti-trust laws. But nevertheless I now yield my time.

Potter: Thank you.

John Bradley, Chair, PGE Park Good Neighbor Park Oversight Committee: My name is John Bradley. I reside at 2350 N.W. Johnson. I am here today in my capacity as chair of the PGE Park Good Neighbor Agreement Oversight Committee. I would like to ask you to please extend the current operating agreement for far too many years each new season at PGE Park has literally been just that. A new season. New management, new owners, they come in, they start up from scratch. There is never been a chance for the park to live up to its attendance potential. There has never been any real business planning continuity. While there may be some global issues that need to be addressed, I ask you to forego these issues that for the if I am time being and give the park a little stability and a chance to succeed as I believe it can. With a small amount of permanence the park will continue to drift. I would also like to add one of the previous groups mentioned today that might be interested, it seemed like we cycle them through once before. And I didn't really see any good come of that. That's my personal, my personal opinion. From a business standpoint, I think the new management at the park is really trying to get some music in there and this is the first time we will have a concert in a long time. To a certain extent, although the music concerts probably have the greatest impact on the community, I think that's where the greatest amount of profits are going to lie. It would be nice to kind of overcome some of the monopolies that have been set up for musical

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touring groups and get pge park utilized because I think then you would see the income go up for the park. Thank you very much for your consideration.

Leonard: John, I didn't understand who you were alluding to when you said other groups didn't didn't do as well as you thought.

Bradley: The gold tip planning group came in before and was, had some operating, ground operations. And there was a lot of stuff promised, you know. Whiz bang giveaways and that type of thing and it just never really seemed.

Leonard: I thought you might have been talking about the soccer.

Bradley: No, no. Talking about gold tip planning. Thank you.

Potter: Thanks for your work on this. Are there any other questions? I want to remind the council this is an emergency vote. If anybody will be voting no please let me know so I can pull the emergency part. And if this is an ordinance just through december 31 of this year. Hearing no comments, we will take the vote.

Adams: Well, I feel positive that we have established for the public record in the last two meetings that we have, I think, I think we have sought to achieve the balance between stability and continuity for the operations of the park but also making sure that as we look for a new permanent owner we are getting as much comparative and competitive sort of interest evaluation as possible. I want to underscore that the rules of baseball and the federal anti-trust make that very difficult so, george, the fact that you on behalf of p.c.l. Are willing to let us have some sidebar conversation with other potential operators I think will serve us well and serve you well. Pge park has operated with a number of clouds over it, and chief amongst them has been a cloud of mistrust in terms of how decisions are made. So I appreciate the public nature of the discussion over these past two meetings. I have had a chance to talk to the folks that are working on this for next year and I feel like we will have renewed vigor in the sponsorship that leads to sales. We have the opportunity to further close the budget gap and the budget has been made public. I think the oversight committee is absolutely key. We think we have talented staff working on this with ron and david but I think that second opinion from some outsiders that have experience in professional sports management is key because I have never run a baseball team. And I also just want to note that we have the ability of something goes terribly wrong, we have an escape clause everyone in this extension. I don't see the need to use it but I want to enter that into the public record as well. I vote aye.

Leonard: Like you intend to send a message to the parties that are negotiating a deal, some comments I am going to make, there's no worse bargaining position one can be in than to salivate over the car you are trying to buy as the car dealer sits across the table from you. Not good strategy. I don't need a car. People have confused my support of major league baseball with me being a baseball fanatic. I have said before, if somebody held a gun to my said and said, name five major league teams within the next five seconds, I would say pull the trigger and get it over with because I couldn't do it. I have advocated major league baseball because I think it's good business deal for the city. That's the reason. If I thought, based on the projections made by the city, we made more money selling vegetables in civic stadium than having baseball, I would vote for it. If we could have something in civic stadium that made more pone for the citizens I would say thank you very much, Portland beavers, and be talking to the folks in the stands. So the point I am trying to make is this. If for whatever reason we have got ourselves as a city in the position with the pacific coast league thinks they are our only option, they are at least speaking for myself, and only for myself, that is a miscalculation. I think we ought to be exploring discussions with soccer, I think we ought to be exploring discussion was regional farmers if that's what it takes or who ever. Will use that stadium to create the best financial flow from that piece of property that the city owns possible. And if that does something to help move these negotiations a little bit and focus the other party that we are serious, I am happy. Aye.

Saltzman: Aye. **Sten:** Aye.

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Potter: Aye. I would like to move an item ahead of the others because we have some folks who are here to testify that will be leaving shortly. Item number 154. Is that ok with the council? Karla, could you please read item 154.

Item 154.

Potter: Commissioner Leonard.

Leonard: Thank you. Mayor Potter. This is, I am disappointed I have to bring this ordinance quite frankly because this was the kind of thing I was hoping that, given the direction of this mayor and this council, that could have been worked out at the bureau of human resources. Essentially, what the council is required to do is to change a policy that apparently has occurred at the bureau of human resources that runs concurrently. Employees who are injured in the line of duty and family medical leave, which is a law that allows employees time off to care for a sick spouse, child, parent, pregnant spouse, et cetera. I was meeting with b.h.r. to work this out and then we had a specific case occur with two Portland police officers that required us to move quicker than what I think b.h.r. was comfortable doing. So basically today what we are doing is considering an ordinance that I believe treats our employees the way the law intends them to be treated. Give them time off of work. They use their own leave under the family medical leave, their own sick leave and vacation but it gives them by right instead of by preference the ability to take time off to take care of their wife, child, sick family member. And doesn't count time if, in the case that we are going to hear today where an officer actually shot in the line of duty, that we run concurrently the disability time that that individual is off recovering from that injury with family medical leave. Which just seems to be -- it just confounds me why we are even having to discuss this. I think Leo Painton is here to specifically discuss the case at hand. And to kind of the ramifications of this. Leo Painton from the Portland police association.

Leo Painton, Portland Police Association: Thank you very much Randy. I want to thank the mayor and the council for taking the time out today to consider this issue on behalf of not only the p.p.a. but all city employees. Approximately a year ago or so it came to our attention that the h.r. Rules were applying the family medical leave concurrently to an on the job injury. Family medical leave act says that the city has the option of doing it in that fashion. We communicated with b.h.r. and researched the issue and looked at 10 cities in Oregon as well as Seattle and Washington and then found out of those 12 cities, only four of them were implementing the family medical leave act in this manner. We communicated that information to b.h.r. to try to get this conversation started but it didn't seem to go anywhere. At that point I started doing some research with the council and contacted commissioner Leonard first who wasn't even aware that this was the policy that the city had enacted. And I think in talking to the rest of the council members I have found the same issue that they weren't aware that we were implementing family medical leave in this fashion concurrently with the on the job disability. The example that I use with b.h.r. was obviously an officer shot in the line of duty. Usually that kind of injury takes some time for somebody to recover and get back to work. And lo and behold in December, it actually hit home. This is officer Richard Steinbrann and officer Wendy Steinbrann, members of the Portland Police Bureau and Portland Police Association. Rich was involved in a shooting in December. In which he had a .22 caliber round enter his leg and it's still there. He has been off since December. He will be going back to the doctor on March 9 and has been notified and pretty much ordered and required to fill out family leave paperwork showing by March 9 he will have used up 10 weeks of his family medical leave and the baby is due March 11. This is not just a pregnancy or a birth of a child issue. During our contract negotiations with the city in arbitration we brought several officers Portland recording health issues. Two examples of those were an officer whose wife came down with cancer. He was trying to juggle work, being at home, trying to take care of his wife and the two small children. The wife passed away. He then spent a month grieving and with his two children, trying to help them through the grieving process of losing their mother. We had another officer who came in and

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testified about his serious health problems with both of his children. One worse than the other. The one who had the more serious problem caused his wife to have to quit working. Again, he was trying to balance helping with that. Had he been injured in the line of duty in that time period in that year and then his wife would become incapable of being at home, he would have had to take the time off to be at home as well. So it goes well beyond the worth of a child. It could happen to any city employee. I think maybe police and firefighters may be more susceptible because of the mother serious injury but I think water bureau employees or anybody out there doing manual labor that kind of stuff could also suffer that type of injury. The family medical leave act was enacted to protect the employee, not necessarily protect the employer. There's been options given in there for employers and I think the city of Portland and the way they apply family medical leave needs to take a look at what the b.h.r. rules say and how they are implementing family medical leave currently.

Potter: I wanted to ask the officer a question. Are you on disability right at this time?

Richard Steinbrann: I am on disability. I go back to the doctor march 9 and it's my hope to go back to a limited duty position. Some sort of desk job until I am released to full-duty but I am being paid by the police fire and disability board right now.

Potter: Ok. Did you wish to make a statement?

Richard Steinbrann: I just had two things. Thank you very much for hearing us today. My name is richard steinbrann. I am a police officer with the city of Portland. Two things I wanted to add was, I was ordered to sign the family medical leave act paperwork. It was not our choice to fill that paperwork out. And, in fact, the day that we signed it and turned it in we got a letter from the bureau of human resources saying, we are automatically putting you on the fmla leave without our consent, just automatically putting us on the fmla. Also, my wife is 39 weeks pregnant and we have obviously known a while and prior to the incident on december I had benefit consciously saving my holiday comp time and my vacation time so I could spend that fmla leave time caring for our, my wife and our first born child. And at this point, under the rules that are in place right now, I will have about two weeks to do that. That's all I had to add. Thank you.

Potter: Would you like to say anything, officer?

Wendy Steinbrann: I'm wendy steinbrann. I am a police officer and the only thing I would like to add is I was doing primarily most of the discussions on the phones since I was at work and he was at home. Speaking with the police liaison for b.h.r. about fmla and the thing I couldn't understand was that he was injured in the line of duty, the pension board is paying for his wages, if you will, and his medical and all that is covered. It's his job is protected already. He doesn't need the protection that fmla offers because his job is protected by contract. Are for at least 24 months. During that time, you know, it's not affected his seniority, it's not affecting his medical benefits, it's not affecting his pay. So he doesn't need the protection of fmla right now but since they are requiring him to use it when he does need it starting any time now, he is not going to it have. He will have like two weeks and it just didn't seem to be right to me. Didn't seem to be ethically or morally right to me. The other thing that was kind of frustrating I tried to educate myself on the law but it didn't seem to be stated anywhere where we are required to take it, only that the employer is required to provide it.

Potter: Ok. Any questions from the council for these folks? Thank you very much.

Leonard: Thank you for coming.

Potter: I would like to call up b.h.r. Anna.

Anna Kanwit, Operations Manager, Bureau of Human Resources: Thank you, mayor Potter, council members. I am anna kanwit. I am operations manager for the bureau of human resources.

Potter: Would you speak up just a little bit.

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Kanwit: Operations manager for the bureau of human resources. I am not sure whether you would like me to simply answer questions you have or provide some background information on the issue. I am happy to do one, both, all of the above.

Adams: What are your concerns about the proposal?

Kanwit: The concern that we have about the proposal, let me back up just a little bit. Commissioner Adams, what has been referred to as the b.h.r. rules, they are actually the city of Portland human resources administrative rules. They are adopted by city council. They are binding city policy. In order to streamline the process for some of those rules that aren't related to compensation issues, city council delegated the authority to adopt and change those rules to Tim Grewe, the chief administrative officer. Where rules impact compensation, and fiscal issues with the city, it is required to come back to city council. And that is why in response to Commissioner Leonard, I advised him b.h.r. does not have the authority to change that rule. In order to reach what he is putting this ordinance because it is a compensation issue. It's a monetary issue for the city of Portland. What happens with family medical leave is, yes, it's a protected leave. In addition the federal law requires that the employer continue to pay the full cost of the health benefits for the employee who is off whether or not the leave itself is paid. Depends on whether they have leave. So there is a potential cost to the city because when we expand out the amount of time that employee is off we will be paying additional insurance on that employee that we may or may not otherwise be obligated to pay. That's why it's very difficult to have a financial impact on this. We have no idea. When you pull out people on a workers' comp-related leave from family medical leave, and then they would have additional time off, it's, now he, impossible to say what the impact would be, how often that would occur. In the city. So as far as the issue of mandating family medical leave that is the employer's prerogative. Federal law is quite clear on that and, in fact, the employer is obligated to do that. If we did not, what we know we would have, because this has occurred, or is attempted to occur, certainly in the police bureau, is employees who have paid time on the books, sick leave, others, vacation, putting aside a disability, would prefer to use all of that time, not have it count as family medical leave and still reserve that leave for later time which does have a fiscal impact, productivity impact on the city. So it is an employer obligation to tell employees, we do designate family medical leave under the law.

Potter: Questions of staff.

Kanwit: Oh, if I might add one more thing. One of the suggestions, and I understand this is a different situation because we have a couple out there waiting for this to happen, we are going to be starting, as we do every year, the review of the administrative rules. They are adopted based on public notice and comment. By public I mean to the unions, elected officials, city employees. And we do look at those every single year and we are going to be starting that process again. They were originally adopted, I believe, in April of 2000. Maybe 2002. I'm a little rusty now on that. So we have done that on an ongoing basis. And they have not been revised without all of that notice. It's a very open, transparent process.

Saltzman: So this ordinance change still provides the use of sick leave running concurrently with FMLA?

Kanwit: Right. It does not change that piece. It simply breaks out leave of absence that's due to an on the job injury so workers' compensation and the case of the sworn firefighters and police, it would be a service-connected disability leave.

Potter: Any other questions? Thank you, Anna. This is an emergency vote. I would just like to do one more check with the group. If anybody is going to vote no so we could pull this or consent. Ok. Karla, please call the roll.

Adams: Aye.

Leonard: Well, I have thought a lot of what to say and I want it to be constructive. I don't think it's inconsistent to demand that our taxpayer dollars be spent wisely and we hold employees

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accountable and hold bureaus accountable and at the same time, treat employees as fairly as possible. Those are not values, in my mind, that are at odds. In fact, I was tried to employ those precise techniques with the bureaus we have had. I do believe employees behave the way we treat them. When we treat them fairly and with respect, I think what we get back is loyalty and dedication. And for me, this is an example of how I think we should treat our employees. This is an important federal law, and as opposed to us taking the most restrictive view of it as a city, I do think we ought to give our employees every opportunity to be with their family when they are injured and pregnant or whatever. And go out of our way to help employees in those kinds of times as opposed to try to figure out how to make it as beneficial to management as possible. So I do appreciate the discussion here today. And the conversations I have had with the mayor have been very helpful. And I vote aye.

Saltzman: Aye.

Sten: I guess I think this is a case where it's obvious we need to make a change to allow this to be there and I would just like to see, you know, what happens when we pass these rules is sometimes there are more restrictive hand we intend them to be and sometimes they create opportunities we didn't intend to be there so I hope we can do this because I think it's the right thing to do and take a look and see if these changes are as intended through the administrative rule review and see what the cost is because again, to me it's absolutely clear we should do this one exactly where we should draw the line, I think, I need have some more discussion over the time. Let's work with it as opposed to pass a policy once and assume it's exactly right. I vote aye.

Potter: And I think that is the role of the council is to look at our administrative regulations to ensure that they are doing what they should do. And that it takes into question protecting the assets of the city while also ensuring that our employees are treated fairly. And I would hope that the p.p.a. and the other unions -- we meet next january to start negotiations -- would remember the city of Portland doesn't always only do what is required by law but sometimes actually does the right thing and to keep that in mind because I think this is doing the right thing. And I think that it will benefit our employees in the long run and our community. I vote aye. Thank you. Now we will return to our regular scheduled broadcast -- I mean -- [laughter] Karla, I think we are item 152.

Moore: Correct.

Item 152.

Potter: Staff, please come forward. Please state your name for the records.

Keith Ehrensing, Office of Transportation: My name is keith ehrensing. I work in the office of transportation. I appreciate having the opportunity to be here this afternoon. And I want to give you background. As you know city council approved the placement of the old meters four years ago and we have been piling them up since then. We are working on some other things on disposition but we were approached through commissioner Francesconi's office in their staff in conjunction with the p.b.a. to provide these meters for the real change not spare change program. And we were happy to participate in that program and then discovered as we were working through the costs of this that we had to meet the requirement come to city council, because of the dollar value of the meters and the stands that we are providing. So we have, indeed, with us a meter today. To show how it's been refurbished and so we are looking for your assistance in that regard. I would like to introduce ashley heizuelbech of the p.b.a. Who will talk about the additional information on the real change not spare change program.

Ashley Heizuelbech, Portland Business Alliance: Good afternoon. My name is ashley heizuelbech and I am the director of downtown retail marketing service at the Portland business alliance. The real change not spare change voucher program has been helping those on the streets find assistance through social service providers since 1991. In december the department of transportation transferred out of service meters to the lions to be utilized toward furthering that program. The meter program is a direct extension of our efforts to provide downtown visitors,

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residents, and the work force an alternative to giving to funds directly to panhandlers. Funds collected in each of the real change not spare change meters will be donated to four social service partners to ensure that individuals needing assistance receive professional and appropriate help. The four partner social service agencies are sisters of the road, projects, new avenues for youth, and outside inn. Currently over 15 street meters have been placed in retail businesses throughout downtown Portland. Meters have collected nearly \$500 for the social service agencies. The alliance is committed to matching dollar for dollar all funds collected bringing the total to nearly \$1,000 to date. The funds we collect are important. But the main mission is to create public awareness. We look forward to continuing this valuable program. Thank you.

Potter: Questions from the commissioners.

Saltzman: This is a question maybe for ourselves. I was wondering as an effort to increase public awareness if we might put one of these in the city council hallway. Either downstairs or upstairs for a couple months so people --

Ehrensing: We have one available. We would be happy to do that.

Saltzman: Got one right there.

Heizuelbech: We can leave it here with you today.

Saltzman: I don't know if that consistent with b.g.s. regulations.

Sten: Just don't tell.

Adams: If you don't tell them it is.

Saltzman: I think we could have one here for 60 days.

Heizuelbech: Absolutely.

Potter: That's a great program. I just wonder if citizens want to buy these since we are stockpiling them and not using them. Is there a way the afternoon citizen could get one?

Heizuelbech: It is possible. Actually what's happened is that we are coming back to council in not too distant future, I believe there's an item in a couple of weeks that allows us to negotiate directly with other organizations currently our disposition process is through the state of Oregon only. We have to send them all down to the state of Oregon and so we have a proposal for council at that point. I expect that once we get through other municipalities, Oregon city, for instance and Vancouver, Washington, have both approached us about buying some of our old meter, they would have priority but, yes, there will be a point at which we offer those either through the state of Oregon and the e-bay process or more directly. And that authorization we will be looking from that from you in a week or two.

Adams: I think they are cool. I would like to have one myself.

Sten: I bet you can get a deal. [laughter]

Potter: Following up on commissioner Saltzman's recommendation I certainly think that's a good idea and as the commissioner of everything I would like to make that happen. [laughter]

Heizuelbech: We will make it happen.

*******:** Tom means business.

Potter: Ok. Council, are we ready to vote on this?

*******:** That's nonemergency. That goes to second reading. 3.

Saltzman:

Sten: Could I have one point of personal privilege.

Potter: Yes.

Sten: I would like to publicly express my condolences to Kevin Montgomery-Smith's family and recognize the important part he played in this. With the rest of the team at P.B.A. A point person on very innovative approaches bringing together citizens the business community, and homeless programs and so given his very, very untimely and unfortunate passing I thought it would be appropriate to remark upon that this morning.

Potter: Yes. Thank you.

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Adams: Hear, hear.

Potter: Thank you, folks.

Adams: Thank you very much.

Potter: Anybody sign up to testify on this?

Moore: No one else did.

Potter: Any other questions from the commissioners? Karla, please call the vote. Oh. Second reading. Sorry about that. Ok. Move to the next item.

Item 153.

Adams: If auditor blackmar, mary jo and linly reese please come to the. I am going to make some opening remarks and briefly go through the ordinance and then ask each of you to be available to highlight, correct things I get wrong, or, heck, disagree. Others will. I think it's our nation's, I think our nation's prosperity in part is built on the fact that we seek to have an open government. That's certainly true from the five of us on the city council. And an open government requires a transparent conversation about the community's priorities. And Portland's in turn the community has a right here in Portland and in every local jurisdiction, a right to know what discussions are happening or recently happened about the priorities. We make decisions about priorities every day.

And I just wanted to address sort of an underlying sort of issue here. And that is to the folks that might be defined in this ordinance as lobbyists. That you should be proud to be a registered lobbyist. That lobbying your government is both a right and, to a degree, a responsibility. Unfortunately, in the current vernacular, to lobby your elected officials often in the current system means conversations that happen only behind closed doors. And that, in turn, while known by the rest of the community puts a bad pal on the effort as a whole. The basis for the implication is obviously is that the community at a large has no means to follow the conversations being directed to public officials, at least not here on a city basis. And as I mentioned before, silence breeds skepticism and lobbying is considered an unacceptable activity. It is a lawful activity and is an honorable activity or can be an honorable activity. But we must seek to turn that around. This ordinance doesn't judge the merit of a proposed priorities. It treats all community conversations equally. It provides everybody with equal access to the citizenry's suggested priority. Ultimately, it is Portland's elected officials who receive the additional scrutiny, if this ordinance is passed. And at the end of the community conversation about any given issue, Portland's elected officials will have no choice but to decide the community's priorities based on the quality of ideas offered and the information received. So this is, we are not voting on this today. This is a check-in on what is now probably a six, five or six-week process. I have discussed this as two years as a candidate and I have discussed this at various neighborhood meetings over the past two months. And business meetings since I was sworn in. We sent annual original draft out to 4,000 email force comment and we received hundreds of emails, most all of them very supportive. Many others offering specific suggestion for improvements and we protect those because they have helped to make a better draft ordinance. I wanted to check in with council today to sort of bring the conversation with the community and the council and stakeholders along so you know some initial amendments that were proposed. And we are here to answer questions. This is a complex task because we have a lot of citizen involvement in the city of Portland. And that's a great thing. What does this ordinance do? It enacting a system for registering city lobbyists and prohibits city employees from reserving as paid lobbyists for a year after they leave employment with the city. This is as mentioned before because it encourages transparent decision-making and it is an inoculative effect. We are going to see a number of retirements over the next few years and I think it's important we be able to tell citizens that our work here in city government cannot be traded for large outside contracts to then lobby city government. A lobbyist is defined, is someone who is defined as include city decision-making or who represents a group in attempting to influence city decision-making. Originally, I had proposed that it be done in terms of paid and nonpaid lobbying and that we just regulate paid

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lobbying. And we found under further research, legal research that that would be difficult, maybe not impossible, but difficult to suggestion stain in terms of court action. People who will be lobbyists include union representatives, individuals who represented businesses or nonprofits and those who act on behalf of various associations. Who is i.e., the news media, that do not exempt their normal business activities, public officials acting in an official capacity, individuals who only give testimony in formal public appearances before the city council, committees, boards, and commissions, created by the city council, individuals who do not spend more than 16 hours of lobbying in a calendar. Unless he or she is part of an entity that lobbies for more than 16 hours per quarter. Associations is neighborhood associations and neighborhood district associations that are recognized by the city. An individual who submits a competitively bid contract interviews for that bid or negotiates once the bid is accepted as long as that individual does not try to influence the actions of city officials recording that contract is busy exempt. We are suggesting that there be quarterly reports for the lobbyists who have amassed more than 16 hours in a quarter. They will be asked to provide their contact information, the description of the organization they represent and the issues advocated. In addition the money spent on lobbying efforts which include related expenses, advertising and et cetera, also will be required and those are detailed in the draft ordinance. When a city official receives a gift that exceeds \$25 or asks for a donation from the private sector and that's not a campaign contribution because those are required to be reported through the campaign reporting process, this is when we ask for donations to the city itself. In our official capacity. And this happens a lot. And I do this a lot. So this will be a new way for the public to know when I ask somebody for a donation, such as my recent trip to thailand was paid by half by the Portland Oregon visitors association and half by the Portland business alliance, and that was me acting in an official capacity as a city commissioner. Those kinds of things now will be reported. So that's a third benefit of this ordinance that I failed to mention up front. When we say lobbyists who, who do they lobby that are require them to report? City elected officials, staff of elected officials, city bureau department, or agency directors or appoint employees to committees is including the planning commission members if they are being lobbied by lobbyists, and also the Portland development commission. Why we both require lobbyists employers of lobbyists to register for a couple of reasons. One, there are firms that lobby that have many people working for them. And then there are the sole proprietor lobbyists and we want to know, I want to know, anyway, the level of effort that clients are making in terms of paying individuals within a firm and then I also think that allows us, for instance, if someone was to hire me to lobby but you never saw me in city hall because my job was to go out and organize a neighborhood, this ordinance will catch that. What right penalties? Each violation is subject to a fine not to exceed \$500. This is the standard city penalty. How it will be enforced? Spot audits. Internal checks. The auditor will review the annual and quarterly registrations, authenticate the quarterly reporting. Enforcement the be on a complaint basis and a spot audit basis. It's easy to compare public schedules which are all of our schedules are public, against the reports that come in. We are seeking to do this procedures online which will make it easy. And to the extent that we can get started, we will talk about -- mary jo will talk about the start date. We know that, like a number of things in the public realm, that we are not going to get this exactly right even once it's passed, even if there are additional amendments. And so for the first quarter, registration is required but there are no fines. It will allow us to educate the folks and the second quarter, we still have the requirement to register. There can be fines levied but at the end of the six months we will review, ask the auditor to review. I will have a review group as well. Made up of stakeholders to provide input to the auditor's review. What's working? What's not? It's going to take some time to know where the 16 hours exemption is too much, too little, whether the devil is in the work or not. We have learned from the recent example of vancouver, british columbia, that enacted a lobbying registration ordinance and they let it go on for quite some time and it was really felt up there that it did not add value because there were too many exemptions so I

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am the first to admit that this will be fine-tuned based upon experience and that will be very up front about collecting that experience. We will come back and actually vote on this march 16 because I am going to be gone next week, lobbying. Ironically enough for the city in the nation's capital on behalf of transportation funding and I will have to register on the lobby, on the federal level, as a lobbyist so with that I thought we might hear from auditor blackmer.

Auditor Gary Blackmer: Thank you, gary blackmer, Portland city auditor. Commissioner adams has taken a leadership role in developing this co-change. And from our perspective we worked closely with him to make sure that what he's proposing is something we think our office can effectively do and recognizing there's always a balance between transparency and governance and the effort and cost of monitoring and ensuring compliance with the rules, and commissioner adams has been very sensitive to the costs that are involve in something like this. And we think we can do this within our current workload. That we can realign some of our staffing responsibilities and fit these activities within our staff. The one area where there is some extra work is in developing the computer program that would allow the lobbyists and other people to automatically enter their information online and commissioner adams and his staff have been working with us and b.t.s. To try to develop an estimate for that in terms of its initial start-up costs. The registration is a legal actively easy thing to program. The reporting is going to be more complex but we have more time to get that developed. So to the degree that I think this is something my office is, one of its key things is transparent see and accountable of government so I think it's important for my office to be involve nit. We appreciate the opportunity to work on this.

Adams: Mary jo and linly, do you want to take us through the recent amendments so the council knows what those are?

Linly Reese, Deputy City Attorney: Are you planning to move them after we do that? We would want to do that.

Adams: I want to see if the council has additional amendments at the moment.

Leonard: Understanding that it's approaching 1:30, we have a budget hearing starting here at 2:00 and I suffer from low blood sugar.

Adams: He gets cranky when that happens.

Saltzman: Have a doughnut.

Potter: Blood sugar.

Leonard: I will go off the other scale.

Adams: Do you want to move?

Leonard: I just move.

Saltzman: I will second.

Potter: I want to add a friendly amendment.

Adams: Any amendment from you is friendly.

Potter: That's right. I did want to include, and it's under section 212.040 exemptions from lobby registration requirements. To include informal or formal groups officially not recognized by the city such as swrl which is a southwest residential league, cop watch and others.

Leonard: I second that.

Potter: Ok.

Adams: How do we define informal?

Potter: The fact is we haven't defined it.

Leonard: We can write rules.

Potter: We can amend this later.

Leonard: Can we write administrative rules for some of this?

Blackmer: We could. Our hope was we would have a good clear sense of what council wanted here in the code. I mean, we could always --

Adams: Swrl is definitely a neighborhood group that is -- I have no problem making that --

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Potter: They are not recognized unfortunately, the wording is recognized by the office of neighborhood involvement and they are not.

Adams: I have no problem adding swrl.

Rees: Would you prefer to remove the language "recognized or acknowledged by the office of neighborhood involvement" and I just have the general language of neighborhood association district coalition or neighborhood business association?

Potter: Would it include nonprofits?

Rees: No.

Potter: Would it include groups such as cop watch?

Rees: No.

Adams: It would not in terms of an exemption. The Portland business alliance is a nonprofit.

Blackmer: Is there a problem with them disclosing that they are lobbying? Is that --

Potter: Well, swrl considers themselves a group of neighborhood associations. They are just not recognized by the city.

Adams: Swrl is fine.

Leonard: You haven't been lobbied yet.

Potter: Actually, I have.

Adams: I'm fine.

Potter: I think they should be treated the same.

Adams: I am absolutely fine with adding swrl and we can make other changes later.

Rees: Add swrl specifically?

Adams: Yeah. Because it is a specific neighborhood associations.

Potter: Southwest hills residential league.

*******:** Swhrl.

Adams: But if it's ok with you, mr. Mayor, if we could, the nonprofit issue --

Potter: Ok. I understand.

Leonard: Since we are just kind of getting an update do we need to do motions today or can you take these suggestions back and incorporate them?

Adams: To vote on it on the 16th don't I have to have --

Rees: If you are planning to vote at the following, at the second reading you would need to adopt all amendments today.

Leonard: Gotcha.

Adams: But I wanted to hear, can we quickly hear another testimony and see if council has any other changes to make? We won't go through them because council has read this.

Saltzman: I just ask gary one question? With respect to the online registration, it made me a little nervous when you said registration part is no problem but we don't know quite what might be associated with the more detailed reporting.

Blackmer: No, it's more a matter if we want to get things set up in time for the time frame that is presented here. There's a pretty tight time line for registration. But that's a pretty easy thing to program. The more complex one is the reporting, but that one's farther out so I have --

Saltzman: It's just a question of timing, not cost?

Blackmer: Right. It's more timing than cost. Based upon our discussions, and we haven't gotten any estimates from b.t.s. yet but, based upon their estimate of cost for the campaign finance programming that we requested, I think this is probably on the same line. So it's not an extraordinarily high amount of cost.

Saltzman: Ok.

Adams: Thank you.

Potter: Any other friendly amendments? Ok.

Adams: We have testimony.

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Potter: I'm sorry.

Adams: Then we will see if there are other amendments.

Moore: We have greg, chris and gwen baldwin.

Potter: You have 30 seconds each.

Adams: Gwen has 30 seconds. You have as much as you want.

Potter: Thank you for being here. Please state your name and you each have three minutes.

Greg Peden, Portland Business Alliance: Good afternoon. I'm greg peden with the Portland business alliance. Mr. Mayor and council, commissioner adams I think this is great that you have brought this to the city. I think registering lobbyists as you have said is part of transparent government. It's done at certainly at the state level and the federal level as you have mentioned. And I think that in the spirit of in ordinance that you brought forward is something the Portland business alliance can support. I have a handful of minor, I would describe as technical questions I am unclear on at this point. One is, you started touching base on it here a little bit. One is sort of the definition of who is a lobbyist. Somebody in my role with the Portland business alliance I think absolutely should register as a lobbyist and disclose information and expenses and things like that but as you all know, we have a number of members who are very active on behalf of the business community or on behalf of their own businesses in general that get very engaged in city task forces and commissions, review committees that work with your offices all on greater details. I will give you one, an example that I could think of in last three years we had a handful of members who worked on the river renaissance who came before the council in december who spent a number of hours with council members and with bureau of directors working with what ended up being a very good product, working this with neighborhood associations, with other constituencies around town. I am unclear whether they should be classified as lobbyist. I feel what I do is a different role than what they do.

Adams: This ordinance required sort of two heightened levels of discipline, one on the city side when we set up these committees or task force they are approved by city council so the public knows that they are going on. I think that's a level, and attribute of transparent see that's important. River renaissance was. That would not be considered lobbying. Two, I think that we are going to have to experience, live with this like I said for a quarter or two to really sort of make sure there aren't unintended consequences.

Peden: Right.

Adams: That's the honest answer.

Blackmer: That's fine. The other process that you might think about as we go forward here I suggest is, as you are all aware, the political contribution reporting process that the city has is identical to the state system. The state has a lobbying procedure under the government practices commission for some policy reasons and for a guideline it may be wise, I don't know how much you have looked into this but it may be wise to replicate what the state does. For example, your proposing quarterly reporting. State does biannual reporting or every six months. Has a variety of estimate requirement thresholds that are different than what you proposed but for simplicity reasons and for getting a sense of how we move forward, I would encourage to look at that and I would be happy to work with the council and staff.

Adams: We definitely looked at all other cities on the west coast and the state and the feds and the metro and we did modify from that because we are in session every week. We went to quarterly reporting for the lobbyists. And then annual reporting for their clients. We have gotten some push back to have quarterly reporting for the clients as well. And that's something that right now I am comfortable with it being annual but I want to see how it looks again after three to six months.

Peden: Great. We will look forward to talk about it more. Thanks.

Chris Smith: Chris smith, 2343 n.w. Petty grove street. I want to address sort of two classes of people I think impacted by this. The first is individuals. The second is nonprofits which I think

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nonprofit question is huge. I am a member of a class some people call professional citizen activists. I don't like that label. I like the word advocate a lot better. But I am someone who has a lifestyle that allows me to spend significant amount of time encouraging you folks to make the community a better place to live in.

Adams: And we thank you for that.

Smith: I don't do that for myself. I do it for the general interest. And I think there's a distinction there. But I can appreciate that if my activity tops 16 hours a quarter and I suspect they will there's a reporting requirement. I am a little bit more concerned about nonprofits and I will use city club as an example. And say first of all I am not testifying on behalf of city club. This is my own reaction to the ordinance. I haven't had city club take a position. But I chair the advocacy board for city club and our task is to make sure the reports the city club produces don't stay on the shelf but we stay in front of you with the recommendations and try and make them happen. We will easily exempt the 16 hours per quarter, I believe. That then is going to put a burden on city club that we figure out everybody who may have contact with the city official and one recommendation I would have is there's a definition of city official in here that's unclear to me. For example, in the office of transportation, I know brant williams will be on the list. I don't really understand below brant who constitutes a bureau director or department head so, you know, we could publish a list. Name every person who would be --

Adams: Every title?

Smith: Every title, sure. That would be fine. Because --

Adams: If that would help.

Smith: For the q&a document. That would help us know who's in, who's out.

Adams: Be glad to.

Smith: Once city club passes the threshold and we will I think everybody member of our advocacy committee we have to register as a potential lobbyist even if they only spend five minutes talking to somebody they are still on a list so we will have a fairly large burden of paperwork. Tell me why not.

Adams: I wish that the city club would show up more in these halls. That you would --

Smith: It's my job that make them show up more.

Adams: Over the years I think you do a lot of good work and I would like to see you show up here more and there's absolutely nothing wrong with you all having to report that. Again, this is online. Again, they are exempt 16 hours a month and looking over my schedule and the mayor's katz's old schedule which we kind of used as a barometer for this you wouldn't have casual contact, you know, is not necessarily considered lobbying. With all these ordinances I am the first to admit there is relies on the honesty and goodwill of folks. We will be able to do some spot auditing. And if you try to cheat us we will probably find you on an ongoing basis. But this requires goodwill and honesty of the people involve.

Smith: So a suggestion on that.

Adams: Yeah.

Smith: You have got 16-hour threshold for individuals and organizations. I would think if an organization tripped it you might still consider some other threshold for individuals in that organization so maybe any individual in an organization that has 16 hours who does less than two hours doesn't have to be reported just so we don't have to have a laundry list of people who don't do much of this.

Adams: Let's see if lindly and mary jo think that's workable. I appreciate the suggestion.

Smith: There's another piece of this I think maybe doesn't work and I want to go back to something you said. You referred to reporting city officials visited. I don't see that in the language. Everything I see in the language about requirement for lobbyists reporting is about money we spend. City club doesn't spend any money so I could see is registering a budget of people and

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reporting no activity because no money was involved and I am not sure that doesn't create sunshine or transparent see and I am I should say I am all in favor of the concept. I should have said that first.

Adams: Understood.

Smith: I am worried about implementation and the impact on the many advocacy organizations. The mayor mentioned cop watch. There are thousands of advocacy organizations in the city. And I honestly don't think many of them know we are having this conversation here at council today and in the rows behind me packing the chamber to understand.

Adams: We haven't sought to turn people out because we want, we knew today's agenda would be long and we have the opportunity again on the 16th. There was going to speak to one of your points. We will get from, we are gathering up all the ideas.

Smith: City officials visited. I don't think there is a reporting requirement. That I see in the language.

Adams: We will get an answer for that.

Smith: The other suggestion of the same point made more on campaign finance, I think a lot of the issue of transparency is also in the campaign contributions that lobbyists and their clients make. There's a separate reporting system for that. We don't want to duplicate that but I would encourage the auditor when he comes up with the reporting system find a way to link those so you can cross index the lobbyists and the exact contributions.

Adams: That's an excellent idea.

Smith: That's really what's going to provide that.

Adams: That's why we're so pleased to have--

Smith: The dollars involved in that than the direct expenditures.

Adams: That's why we are so pleased to have an active partner the auditor's shop so that's a great suggestion.

Smith: I have lots of other thoughts I will share with your office.

Leonard: I wonder if I can throw something out here. If you are not comfortable to suggestion, please tell me but it's approaching 20 to 2:00. I am feeling uncomfortable with the suggestions being made. Not that they are not good ones. They are good ones. I am feeling that we have to adopt something here today for the next vote. My suggestion would be would it harm anything to get this group of people together with people from your office, commissioner Adams, and vet some of these a little more thoroughly without having this time crunch and then bring back something that incorporates all that?

Adams: I feel like I signed up for this time and we are almost through. How many people are on the list?

Moore: We have three more after them.

Adams: We will be quick. I promise.

Leonard: We still have to cobble something together in terms of language.

Adams: What I want to hear back from staff is their response to these concerns and then I know what to pursue or not. If I could do that quickly.

Sten: I would like to do it quickly but never knowing how long these hearings are going to take, I am not going to be able with the speed at which this is coming to give you absolutely clear.

Adams: That's fine. I still want to hear the issue so you hear them. I got to move this issue forward.

Gwen Baldwin: Time? My name is Gwen Baldwin. I am a small business owner and I do provide consulting services including from time to time government legislations. Disclosure is a good thing in government. This proposed ordinance offers a window into who gets involved and on what issues. To those who don't regularly participate in public policy making. I want to thank commissioner Adams and his staff for widely distributing drafts to get feedback on how to make this as sound and

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more workable ordinance. I think in its as amended form it has improved. The purpose of these ordinance is to disclose the participants of lobbying and the strength of their effort without stigma or distinction in content of free speech. That's the worthy cause and one that I support. However, there is a phrase in the reporting section involving individuals who engage lobbyists who flies in the face of this particular purpose. And I request that it be revised to be consistent with the other reporting sections. I agree that the strength of lobbying efforts should be disclosed. But it's best and most appropriately measured in terms of the names of lobbyists and all lobbying expenses not in salaried compensation. To include salary in with lobbying expenses such as direct mail advertising, postage, says that someone who is unpaid cares less and is less effective than a paid lobbyist and I can assure that as an unpaid member of the citizens review committee of the independent police review, I care and press just as hard on advocating policy changes that the police bureau. Including salaries provides no additional information on strength of the lobbying effort and, in fact, its inclusion prevent a double-check with the individual lobbyist reports as those reports appropriately do not include salary compensation. Including salary in reporting implies there is something that needs to be tracked, something unsavory about unpaid lobbying. There is an important integrity point at the heart of all this. Is all lobbying equal? The Oregon state constitution and the city council's own findings page affirms this. To be clear, having persons that engage in lobbying file reports with all the names of lobbyists and all the expenses, the individual lobbyist provides provides that double-check and the disclosure. You have a copy of my testimony and a proposed language change before you and I hope you will adopt it. But I also want to respectfully disagree with the specific exclusion of business and neighborhood associations from this registration requirement in the most recent version. Both these types of associations have historically lobbied city council and impacted public policy. And therefore should be included in the disclosure requirements. If the concern is that those impacted associations or other groups have not had adequate time to gauge in this discussion in the amended versions I completely understand that. That's a very reasonable concern. Then I would encourage council to take the time to have this discussion, to delay second reading to give people adequate time to discuss this rather than to exempt individual classes of lobbyists. Thank you.

Adams: Thanks.

Potter: Thank you.

*******:** Mayor Potter --

Potter: Thank you for being here. I just want to remind to you please give us your name and also that you have three minutes.

Norman Turrill, League of Women Voters: I am norman turrill and I am speaking on behalf of the league of women voters. And, yes, mayor Potter and commissioners, men are invited to become members of the league. And I am not atypical. I am a state league board member and a member of the league's action committee. Where I hold the campaign finance portfolio. The league is a grass roots nonpartisan political organization which encourages the informed and active participate participation of citizens in government. Based on league positions, the league has long supported lobbyists registration and disclosure as an essential part of open government. Therefore, we strongly endorse the ordinance that's before you today. We particularly like the requirement for the auditor to review this complex ordinance by november since we have a few concerns. We support the idea of including all lobbyists, both volunteer and professional, in this system. The concern is, as a group of our volunteer lobbyists expense reports will likely be zero and our lobby employer reports will show minimal expenses, that that in mind you may want to consider instituting an in the future a dollar threshold for reporting requirements. I want to make clear that it's not my concern is not about the leak reporting. Because the league has an office and staff and will probably have to file registration and reporting anyway. My concern really is about the policy of volunteer lobbyists, kinds of people, normal citizens having to register when they don't really bring a significant part to

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the discussion. As far as what they have expended. So I think there needs to be a dollar threshold to reporting limit in some place. We think that the reports of lobbyists employers required by section 212.060a should be required more often than annually. Quarterly reports would be better because employers often expend more more than their lobbyists. These employer reports also should not exclude lobbyists living and travel expenses that are reimbursed. I want to make clear that I am not worried about lobbyists bus fare coming down to the city hall and spending some time lobbying over their lunch where they happen to be lobbying in the city. But living expenses and travel expenses that are reimbursed might actually be significant dollar amounts. For example, I can think of a case where a lobbyist might accompany a commissioner to Washington, d.c., and spend thousands of dollars in the process. And their purpose, of course, is to influence the city and the federal government in its dealings with the city. But that kind of expenditure probably should be disclosed as being significant. You can strike my third concern on my letter to you. I think councilman adams or commissioner adams has adequately taken care of that concern. And I like the idea of linking the lobbyist reports with the campaign contribution reports. In section 212.130 it seems to river a city suit by the city attorney and considerable staff time ton force any violation, even a relatively minor violation such as a late filing. We would recommend that you consider allowing the auditor's office to levy a small fixed fines for commonly occurring minor or listed violations. But then require the auditor to request action by the city attorney for any larger penalties. Thank you for the opportunity to express our ideas for you today.

Potter: Thanks.

Janice Thompson, Executive director, Money in Politics Research Action Project: Janice thompson with the money in politics research action project and thanks for the opportunity to be here. We are a nonprofit, nonpartisan group whose goals for increase accountability access and participation in the political process in governmental decision-making. So it's very logical we are obviously supportive of this. As a critical element in terms of having the decision-making in city hall be accountable and transparency and the registration of lobbyists is a first step. As you can imagine from our name we are very interested in tracking political money and we separate out most of the campaign contributions side of political money and really actually do quite a bit of work having been doing some work at state level and particularly to raise the profile of the importance of the lobbying side of the political money equation. And so our very strongly supportive of the reporting requirements both on the part of the individual lobbyist and the lobbyist employer. I believe some of the amendments that came after I put this together include the suggestions I outlined here which are coming from state rules in terms of what the lobbying entity needs to report including compensation and it's really this ability to kind of track the money is a very important element. Not necessarily the only element. Maybe we should think about tracking hours as well. That's actually done very effectively in the state of wisconsin. Assessing the role of interests that are weighing in the public policy. So with regards 20 the spending by the votes and lobbying entities, disclosure is really the only appropriate regulation. With regards to campaign contributions, this other element of political money, the policy and legal environment is such that we can talk about limiting campaign contributions. We can talk about finding alternative options. I will probably be back here next month talking to you about voter owned elections, for example. With regards to lobbying money, disclosure is it. For this reason, we need a very high standard of rigorous standard for the disclosure of these dollars. Both in terms of the amount of information available, how frequently the question is asked it's availability to the public. There's been discussion about the importance of having this all be web-based. With once all those things get sorted out I would echo the comments from the league that the lobbying entity reporting, the should shift to also quarterly and I did include a chart. We analyzed this that the state level this is actually reform we have been working quite hard at the state level because I would argue it needs to change there as well. But as you see, and I put it into percentage terms, so you wouldn't be because the

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dollar amounts are obviously going to be really different but most of the money is coming through the disclosure category from the lobbying entities at the state level. I think that would be true here and it's why that's such an important piece of this. And with that I would be happy to answer any questions but just in general want to support the idea. But just really map out why the tracking the money is a critical and really the only option in this category of political money.

Potter: Thank you.

Adams: Thank you.

Kent Craford: Mayor Potter, commissioners, good afternoon. My name is kent craford. I am a public relations consultant and lobbyist to the city of Portland. And I want to thank commissioner adams for his very kind words on our most honorable profession. We are very misunderstood. [laughter] I am here today to support the goal of this resolution. I think transparency is very important. Transparency and accountability and I think this resolution speaks to that. I represent two clients before the city council and city agencies. Portland water users coalition on water and sewer issues. And village development on the redevelopment -- excuse me -- of centennial mills. I speak only for myself today, not on their behalf or on behalf of my firm. I think the double reporting component of this resolution needs to be clarified. That is requiring both the lobbyist and the client to both report for the same activity. And just using the water users coalition as an example, it's a 12-member organization. I would report, you know, who they are, how much they pay me, what we are lobbying on, all that stuff and I am happy to do that and no secrets. To have them also report the same activity, even if they are spending zero hours before council or agencies I wonder if it's not redundant. And maybe unnecessary. Just an example, you know, let's say mt. St. Joseph nursing home, spend one lick of time in the last year I don't think before city council and yet they would be required under this as I understand it to be registered as a lobbyist before city council because they are a member of an organization that spends more than 16 hours a quarter before council. Is that correct?

Adams: We will have to double-check on that. The loose coalitions versus a 501 c 3.

Craford: There's a way to get at what we are looking for following the money as the previous speaker said without necessarily putting the burden on, you know, people who are a membership, member of a membership organization, lobbying council. Thank you.

Adams: Thank you very much.

Potter: Are there any other folks, Karla?

Moore: That's all that signed up.

Adams: If I could move to consider this on the 16th, where we will consider potential amendments and then that will have us voting on it on march 23 and in between we will have an opportunity to talk to the individuals that have made various suggestions and we will get back to --

Leonard: Just to throw out some of what I picked up here, I guess I am unclear why we would have different standards for who lobbies than what the state does. I know if you go to the capitol to lobby it's a blanket rule. If you lobby more than x-amount of hours it doesn't matter who you represented or why you are there. You are registered.

Adams: Ok.

Leonard: And I do find it persuasive that we would somehow draw some distinctions based on who you are lobbying for whether you registered or not. So that is a concern that's beginning to bubble up with me. For an example, the firefighters association is a nonprofit. I don't think that we are considering exempting them from reporting auditing. So there are a number of details there that really think could help having a work group of some of these folks with commissioner adams or somebody from his staff to work through. Because I think, i, too, want to be able to support this but I don't -- I am concerned about excluding groups or people that would somehow be unique for us that wouldn't be excluded at the state level.

Adams: That would not have to report?

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Leonard: They would report at state level.

Adams: Like said we will work with folks, key stakeholders and we will offer up some policy choices for council to consider in the pro and con arguments for each of the choices and.

Saltzman: I won't be here on the 23rd so I would like to have the second reading that following wednesday.

Adams: The 30th?

Saltzman: Right.

Leonard: You are going to leave me alone with the budgets all by myself?

Saltzman: We will be done by then.

Leonard: Shoot.

Adams: So I move an amendment that we hear this again on the 16th with a final vote on the 23rd.

Sten: The 30th.

Adams: The 30th.

Potter: Is there a second?

Saltzman: Second.

Potter: Karla, call the vote.

Adams: Aye. **Leonard:** Aye.

Saltzman: Well I think there's been some good points made today but some of the people who have testified before us and I agree with commissioner leonard's point. It seems to me I am led to believe the whole reason we have to require unpaid lobbyists to register is Oregon's constitution and that is the case then it seems like there should not be an exemption for neighborhood associations and I also guess question whether disclosure of compensation is discriminatory to paid lobbyists in record to what ms. Baldwin suggested in her testimony so I guess those are things I will be looking for in our next hearing on this matter. Aye.

Sten: I kind of lean the other way on the two so it will be a good debate aye.

Potter: Aye. Last item on the agenda.

Leonard: There's another item?

Moore: That was it. We took it ahead.

Potter: We are adjourned until next week.

At 1:57 p.m., Council adjourned.