



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **12TH DAY OF APRIL, 2006** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, Saltzman and Sten, 4.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Harry Auerbach, Chief Deputy City Attorney; and Gary Crane, Sergeant at Arms.

On a Y-4 roll call, the Consent Agenda was adopted.

	Disposition:
COMMUNICATIONS	
440 Request of Horace Seiver Holcombe III to address Council regarding airport wetlands, 100 year plan for Bull Run, evacuation plan and commemoration (Communication)	PLACED ON FILE
441 Request of Jim Evans to address Council regarding priorities, affordable housing second story program (Communication)	PLACED ON FILE
442 Request of Paul Phillips to address Council regarding article in November 29, 2005 Daily Journal of Commerce (Communication)	PLACED ON FILE
443 Request of Jan Hamer and Dave Grant to address Council regarding the stakeholders update of Title 28 Floating Structures (Communication)	PLACED ON FILE
444 Request of Bruce Broussard to address Council regarding Portland Public Schools and Portland Parks (Communication)	PLACED ON FILE
TIME CERTAINS	
445 TIME CERTAIN: 9:30 AM – Accept City of Portland Small Business Advisory Council Year-End Report (Report introduced by Mayor Potter) (Y-4)	ACCEPTED

April 12, 2006

<p>446 TIME CERTAIN: 10:00 AM – Require contractors on City contracts to provide equivalent employee benefits between their employees with domestic partners and their employees with spouses (Ordinance introduced by Commissioner Adams; add Code Sections 3.100.050 through 3.100.056)</p>	<p align="center">PASSED TO SECOND READING APRIL 19, 2006 9:30 AM</p>
<p align="center">CONSENT AGENDA – NO DISCUSSION</p>	
<p>447 Statement of cash and investments February 09, 2006 through March 08, 2006 (Report; Treasurer) (Y-4)</p>	<p align="center">PLACED ON FILE</p>
<p align="center">Mayor Tom Potter</p>	
<p align="center">Bureau of Planning</p>	
<p>448 Accept grant of \$12,500 from Oregon Heritage Commission to prepare interpretative historical materials in support of Skidmore/Old Town and New Chinatown/Japantown Historic Districts (Second Reading Agenda 422) (Y-4)</p>	<p align="center">180047</p>
<p align="center">Office of Management and Finance – Bond Counsel</p>	
<p>*449 Authorize sale of first and second lien sewer revenue bonds (Ordinance) (Y-4)</p>	<p align="center">180048</p>
<p align="center">Office of Management and Finance – Risk</p>	
<p>*450 Pay claim of HEB Grocery (Ordinance) (Y-4)</p>	<p align="center">180049</p>
<p>*451 Pay claim of Christina Shipps (Ordinance) (Y-4)</p>	<p align="center">180050</p>
<p>*452 Authorize contract with Arthur J. Gallagher Risk Management Services, Inc. for insurance broker services (Ordinance) (Y-4)</p>	<p align="center">180051</p>
<p align="center">Office of Management and Finance – Purchasing</p>	
<p>453 Authorize an Intergovernmental Agreement with the State of Oregon for surplus property disposition (Ordinance) (Y-4)</p>	<p align="center">PASSED TO SECOND READING APRIL 19, 2006 9:30 AM</p>
<p align="center">Commissioner Sam Adams</p> <p align="center">Bureau of Environmental Services</p>	

April 12, 2006

454 Authorize grant application for fuel comparison of construction equipment at the East Combined Sewer Tunnel Project to the Environmental Protection Agency in the amount of \$213,191 (Second Reading Agenda 423) (Y-4)	180052
455 Amend Intergovernmental Agreement with the U.S. Geological Survey to evaluate toxics in sediment and water in the Columbia Slough (Second Reading Agenda 424; amend Contract No. 37535) (Y-4)	180053
Office of Transportation	
456 Authorize Intergovernmental Agreement with the Oregon Department of Transportation for construction of a traffic signal at SW 30th and SW Barbur Blvd (Second Reading Agenda 427) (Y-4)	180054
Commissioner Randy Leonard	
Water Bureau	
*457 Authorize a contract with U.S. Geological Survey for streamflow and water quality monitoring (Ordinance) (Y-4)	180055
458 Authorize the Bureau of Water Works to execute grants with community partners to fund lead poisoning prevention programs to comply with the Environmental Protection Agency Lead and Copper Rule (Second Reading Agenda 428) (Y-4)	180056
459 Authorize a contract and provide payment for construction of the Summerplace Mains Package (Second Reading Agenda 429) (Y-4)	180057
Commissioner Dan Saltzman	
Parks and Recreation	
460 Apply for a \$100,000 grant from the Land & Water Conservation Fund to rehabilitate Pier Pool in North Portland (Ordinance)	PASSED TO SECOND READING APRIL 19, 2006 9:30 AM
461 Apply for a \$53,940 grant from Metro Nature in the Neighborhoods program to improve neighborhood access and enhance wildlife habitat at the Columbia Children's Arboretum in North Portland (Second Reading Agenda 431) (Y-4)	180058

April 12, 2006

<p>462 Authorize a grant application for \$15,000 from Metro Nature in the Neighborhoods program to maintain and enhance Portland Parks & Recreation managed natural areas through the Fanno Basin Parks Project (Second Reading Agenda 432)</p> <p>(Y-4)</p>	<p align="center">180059</p>	
<p>463 Authorize a grant application for \$15,000 from the Oregon Community Foundation Tualatin Valley Water Quality Endowment Fund to maintain and enhance Portland Parks & Recreation managed natural areas through the Fanno Basin Parks Project (Second Reading Agenda 433)</p> <p>(Y-4)</p>	<p align="center">180060</p>	
<p>464 Authorize a contract for the development of the Holly Farm property as a neighborhood park (Second Reading Agenda 434)</p> <p>(Y-4)</p>	<p align="center">180061</p>	
<p>465 Contract with Triplett Wellman, Inc. for \$3,922,000 for the improvements to University Park Community Center (Second Reading Agenda 435)</p> <p>(Y-4)</p>	<p align="center">180062</p>	
<p align="center">Commissioner Erik Sten</p> <p align="center">Bureau of Housing and Community Development</p> <p>*466 Amend subrecipient contract with Transition Projects, Inc. by an additional \$43,000 for a total of \$1,640,752 and provide payment (Ordinance; amend Contract No. 36181)</p> <p>(Y-4)</p>		<p align="center">180063</p>
<p align="center">REGULAR AGENDA</p> <p align="center">Mayor Tom Potter</p> <p align="center">Office of Management and Finance</p> <p>*467 Amend contract with Cayenta Canada for a replacement customer information and billing system (Ordinance; amend Contract No. 35151)</p> <p>(Y-4)</p>		<p align="center">180064</p>
<p align="center">Office of Management and Finance – Bureau of General Services</p> <p>468 Authorize contract and provide for payment for the Union Station Enhancement Grant project (Ordinance)</p>		<p align="center">PASSED TO SECOND READING APRIL 19, 2006 9:30 AM</p>
<p align="center">Office of Management and Finance – Human Resources</p> <p>469 Adopt a Letter of Agreement to establish leave time for the President of AFSCME Local 189 and require the Local to reimburse the City for that portion of the leave that is not associated with City Bureau Improvement Project No. 6 (Resolution)</p> <p>(Y-4)</p>		<p align="center">36396</p>

April 12, 2006

Commissioner Sam Adams

Office of Transportation

- *470** Authorize Intergovernmental Agreement with the Washington State Department of Transportation for the Columbia River Crossing Project (Ordinance)
(Y-4)

180065

Commissioner Dan Saltzman

Office of Cable Communications and Franchise Management

- *471** Extend revocable permit allowing FSH Communications, LLC to install, maintain and operate public telephones on City streets for a period of three years (Ordinance; amend Ordinance No. 174341)
(Y-4)

180066

- *472** Extend contract with FSH Communications, LLC for selection of long distance services at public pay telephones for a period of three years (Ordinance; amend Contract No. 52097)
(Y-4)

180067

Office of Sustainable Development

- 473** Authorize the City Attorney to intervene and participate in a series of tariff filings by Portland General Electric and PacifiCorp which propose to significantly increase customer rates (Resolution)
(Y-4)

36397

At 11:14 a.m., Council recessed.

April 12, 2006

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **12TH DAY OF APRIL, 2006** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, Saltzman
and Sten; Commissioner Leonard joined the meeting via teleconference, 5

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Linly
Rees, Deputy City Attorney; and Gary Crane, Sergeant at Arms.

<u>WEDNESDAY, 2:00 PM, APRIL 12, 2006</u>	
<p>474 TIME CERTAIN: 2:00 PM – Direct the Portland Office of Transportation to complete construction of the Portland Aerial Tram as part of the North Macadam Urban Renewal Area (Resolution introduced by Mayor Potter and Commissioners Adams and Saltzman)</p> <p>Motion to add a resolved section to read the City of Portland directs the Office of Sustainable Development to report back to council annually on the improvement on local air quality and reduction of greenhouse gas emissions from vehicle trips eliminated due to the Portland Aerial Tram: Moved by commissioner Adams and seconded by Commissioner Saltzman. (Y-5) (Y-3; N-2, Leonard, Sten)</p>	<p>36398 AS AMENDED</p>
<p>475 Amend contract with Kiewit Pacific Company to construct the Portland Aerial Tram project (Ordinance introduced by Commissioner Adams; amend Contract No. 35951)</p> <p>Motion to amend the contract to correct the amount of increase to \$34,799,000: Moved by Commissioner Saltzman and seconded by Commissioner Adams. (Y-4; Commissioner Leonard absent)</p>	<p>PASSED TO SECOND READING AS AMENDED APRIL 19, 2006 9:30 AM</p>
<p>476 Authorize lines of credit for costs related to construction of South Waterfront aerial tram (Ordinance introduced by Mayor Potter)</p> <p>Motion to correct funding plan amount to \$57 million: Moved by Commissioner Adams and seconded by Commissioner Saltzman.. (Y-4; Commissioner Leonard absent)</p>	<p>PASSED TO SECOND READING AS AMENDED APRIL 19, 2006 9:30 AM</p>

At 4:10 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Susan Parsons
Acting Clerk of the Council

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

April 12, 2006

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.

[The following text is the byproduct of the closed captioning of this broadcast. The text has not been proofread, and should not be considered a final transcript.]

APRIL 12, 2005 9:30 AM

Potter: I want to read a proclamation on child abuse prevention month, which is in april. Whereas the public cares deeply about child abuse, and a majority report that child abuse is a very important moral issue to them, whereas preventing child abuse and neglect is a community problem that depends upon involvement among people throughout the community. Whereas child abuse and neglect not only directly harms children, but also increases the likelihood of long-term physical and mental health problems, alcohol and substance abuse, continued family violence, and criminal behavior. Whereas child maltreatment occurs when people find themselves in stressful situations without community resources and don't know how to cope. Whereas the majority of child abuse cases stem from situations and conditions that are preventible in an engaged and supportive community. Whereas child abuse and neglect can be reduced by making sure each family has the support they need in raising their children in a safe, nurturing environment. Whereas effective child abuse prevention programs succeed because of partnerships created amongst social service agencies, schools, faith communities, civic organizations, law enforcement agencies, and the business community. Now therefore I tom Potter, mayor of the city of Portland, okur, the city of roses, do hereby proclaim april 2006 to be child abuse prevention month in Portland, and encourage all citizens, community agencies, faith groups, medical facilities and businesses to increase their participation in our efforts to support families, thereby preventing child abuse and strengthening the communities in which we live. The second issue, which is something I begin each of the wednesday council meetings with, is to ask our community, how are the children? The reason that we do that is because we know if the children in the community are well, that the community is well. And so each week we invite in experts to talk with us. We're very fortunate this week, we have three young people from grant high school. They are on the constitutional debate team. They've competed in the third congressional district competition and won first place. They'll be going to the national competition in Washington, d.c. At the end of this month. So Austin, Elena, and laura, would you please come forward? Thank you for being here this morning. I assume you folks have some things to tell us. [Elena Fairley, Laura Yount, Austin Arias]

*****: We were divided into six units. Each unit has a specialty although an in-depth knowledge of the entire constitution is also required. When we compete, each unit comes up with -- before we compete each unit comes up with a four-minute response to the questions. When we compete they read the response, which is followed by a six-minute without any papers or anything to reference, follow-up question and answer session, simulating a congressional hearing.

*****: On january 20 we were lucky enough to win first place at the state level, and thereby we earned the right to compete in Washington, d.c. We're all really, really excited about this. We talked to the kids that went last year from our school, and they said it was the best experience of their high school career. I see no reason why it would be any different for us. We've all been

April 12, 2006

working very, very hard, and we fund-raised a lot of money. We're lucky enough to have the classroom law project fund our trip, they're paying for our airfare, so we're very fortunate for that.

*****: The units themselves, there are six, they range from the philosophical and -- underpinning of the constitution, to federalism, to case law, to civic participation today and current events. So we're tackling a wide breadth of knowledge pertaining to the constitution, and it's exciting to go full force into all these issues and learn as much as we have.

Potter: I just have question one -- one question for each of you. What's your favorite part of the constitution?

*****: I like the commerce clause.

Potter: The commerce clause? [laughter] I have to admit I wasn't expecting that. It's an important clause.

*****: It's been used to do so much, it has so many different uses. It's great.

*****: Well, as surprised as you were, I have the same answer.

*****: I would say the first amendment.

Potter: Oh, good, there was a lot of pressure on you. First amendment. That's my favorite one too. Well thank you all for being here this morning. Do the commissioners have any questions or statements?

Adams: What's your favorite clause? Santa?

Saltzman: We're really proud of you and we wish you the best of luck back in Washington. We're rooting for you.

Adams: Go get 'em.

Sten: On behalf of the other grant graduate, myself and randy Leonard, who is not here, we're very proud of you.

*****: Thank you.

Potter: Thank you very much. [applause] [gavel pounded] city council will come to order. Please call the roll. [roll call] [gavel pounded]

Potter: Please read the first item, sue.

Item 440.

[Communications speaker not present.]

Potter: Please read the next item.

Item 441.

Potter: Thank you for being here this morning, sir. When you speak, please state your name, and you have three minutes.

Jim Evans: Good morning, mayor Potter and the commissioners on the council. My name is jim evans. I think that we've seen in the last few weeks that it's very important that the council establish priorities. And one of the priorities I think that council needs to look at is what we are doing in affordable housing. I heard last night from commissioner Sten that we're building 100 affordable housing units in south waterfront. But how much money are we using to subsidize that? Is that the wisest use of our money? We can't afford that kind of waste. You know, i'm helping out dave lister, he's a commissioner candidate, he's running against erik Sten. And we've seen the people of Portland that are -- our priorities seem to be misplaced at this time. The second-story program is a way to direct monies to affordable housing that will actually benefit more people in the community.

That's restoring second stories like out on grant, or above storefronts into affordable housing, and to reestablish and reestablish neighborhoods, to do the actual original mission of the p.d.c., which is to remove blight, which is to create stakeholders in the program, the more property owners in the program, the more stakeholders. The more people involved. The mayor's talked about the children.

I think the mayor is right about that. An effective, affordable housing program would actually benefit the children in this community. Because we don't need to see flop houses in this community. We need to see restored housing. It's cheaper to remodel old buildings than it is to

April 12, 2006

build new stuff. And certainly a lot cheaper to build high-rises for the rich down in the south waterfront. Erik Sten says he's the champion of affordable housing. He has not fulfilled that promise. And I would submit to you that the candidate running against him, Dave Lister, would do a better job on that, because he frankly looks at the numbers, look at the process, get it out there in front of people. And I hope that the council, through all the stuff that's happened in the last month, it's been a real tsunami, tidal wave of bad news, looks into themselves and says, "what can we do to sharpen our pencils, what can we do to figure out why we can get this -- the trust of the people of Portland back into their government?" because right now that's why they wouldn't pass a tax increase on schools, because they don't trust the government. I think Dave Lister can do the best job on that. Thank you very much.

Potter: Please call the next item.

Item 442.

Paul Phillips: Paul Phillips. Good morning. I wanted to read this -- the d.j.c.'s web address www.djcoregon.com. They can also obtain a copy of this from room 140. Plaintiffs use little-known theory to win against construction firm. The trial highlights companies increased efforts to minimize on-the-job injury reports. Boss -- a case that highlights a disturbing trend the companies use incentive programs to minimize on-the-job injury reports. A South Dakota man recently won a \$5 million in a bad faith claim against the construction company he worked for after a six- to eight-day trial, jurors ordered Hills Material and its parent company Old Castle Materials, to pay Ron Hubbard \$65,000 and compensatory damages, and \$5 million in punitive damages. The plaintiffs claim the supervisor spurred on the -- by the company policy with cash incentives actively tried to get insurance company to fight paying Hubbard's workers' compensation claims for surgery-related to carpal tunnel. This case examines the widespread practice of large construction companies providing cash incentives and bonuses to supervisors for underreporting injuries, said the person who represented the plaintiff, along with Aleisha Garcia. It's a very widespread practice all over the United States. They tout them as safety programs, but they encourage people to minimize injuries to lower premiums and get bigger contracts for the construction companies. Aiding and abetting. Hubbard, a welder, required two surgeries and expected workers' compensation insurances to cover the cost. But Hills Material fought him every step of the way. According to -- and convinced the insurance company, Liberty Mutual, to deny the claim, since Liberty Mutual settled quickly, the plaintiff had to develop a legal strategy for going after the company itself. Really the insurance company was vindicated -- the employer was trying to speak through them. He said the Hills Material defendant, its action in part, a sign it wasn't responsible for granting or denying claims that was the role of the insurance company. I'll finish this next week. Thank you.

Potter: Thank you, sir. Please call the next item.

Item 443.

*******:** Good morning, Mr. Potter.

Potter: When you speak please state your name, and you have three minutes.

Jan Hamer: Jan Hamer. I'm here to talk about the city of Portland codes title 28, which is the building structure code for floating structures. I manage Jantzen Beach moorage, the largest marina in the western United States, and I own Rivers Bend Marina in Multnomah County. The city of Portland inspects all of the properties in Multnomah County, so that's why I mentioned Rivers Bend Marina. I'm on a stakeholders task force to spend a year working with the city to update the entire code. We the task force invested about 2,000 man-hours in developing the code. We were impressed with the city's representation by Jim Harris, thanks to Randy Leonard, real sharp individual, worked well with us, and we coordinated a massive effort to all come to an agreement with the code. We completed our work in July and the document was forwarded to the city attorney's office, where it seems to have gotten bogged down. We have been frustrated with the delays so that -- in preparation for being submitted to you. We'd like to see the draft again if the

April 12, 2006

city attorney has made any changes. Then hopefully we could continue to support the document and the process. We would appreciate in his -- any assistance the commission could bring to move the document forward. I ask the council for your support and continued passage when it comes before you. So i'd like to ask you, mr. Mayor, if you could assign somebody to follow up on this for us.

Potter: The gentleman is right over there at the city attorney's desk. If you go see him right now he'll take the information from you, and i'll ask him to make sure he forwards information to me to make sure it gets done.

*******:** Thank you, sir.

Potter: Sue, please call the next item.

Item 444.

Potter: You know the drill, bruce.

Bruce Broussard: Yes, I do, sir. Bruce broussard, mayor, commissioner Adams, commissioner Saltzman, commissioner Sten. I'd like to wish all of you a very happy easter and hopefully you'll go out and do your easter egg hunt like I will with my grandkids. I do that every easter and sometimes I don't find them all, for some strange reason the age is catching up with me or whatever.

Adams: During the course of the year they tend to find you, though.

Broussard: You notice that? Thanks, sam. I like that. [laughter] that was a good one:

Potter: That was good.

Broussard: Anyway, I wanted to continue my point in regards to the utilization of the schools as it relates to the parks. I think there's some opportunity there, there's possibility, if you will, if it's ok, because I think it really -- especially with the price of fuel at this point in time, folks are going to be short on cash, etc., and people need to get out of the homes, etc., and the like, and so any way of creating any kind of if you will of involvement, if you will with the parks, the schools, to offset some of the costs, whether it be the custodians, cutting the grass and things of that nature, and maybe even taking the so-called activities, if you will, from the parks standpoint, making them somewhat mini-parks kind of a thing. I think that's something the citizens of Portland would really sign off on with reference to a bond in terms of wanting to get involved. And maybe in some way, shape, or form, we could save those schools. Because I know the superintendent of Portland public schools, she does have a way of getting the point out that there might be school closures, so this is part and parcel of myself as a citizen person, if you will, to try to see if we can come up with some ideas to keep those jewels within our community. We really need to keep those, because there's nothing like being able to get up in the morning and hopefully a parent walking their kid to school, and -- it's just something we got to maintain for these kids. Because I know I had that opportunity, and I would hope that every kid has the opportunity to be able to enjoy that as opposed to being bussed in another area, etc. So thank you very much, again, happy easter, and sam, you can come to my house and look for some eggs, ok?

Adams: Thank you.

Potter: Thank you, bruce.

Adams: I'm out of practice.

Potter: Is that it for communications?

Parsons: It is.

Potter: Ok. We're going to move to the consent agenda. Do any commissioners wish to pull any items from the consent agenda? Does anybody from the audience wish to pull any items from the consent agenda? 446.

Parsons: That's the time certain.

Potter: We'll have a time certain on that in just a few minutes, bruce. Ok. Sue, please call the roll.

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

April 12, 2006

Potter: Aye. [gavel pounded] moving to the time certain, 9:30.

Item 445.

Potter: Please come forward, folks.

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

Potter: Thank you for being here. When you speak, please state your name.

Jackie Babicky-Peterson, Chair, Small Business Advisory Council: Jackie babicky-peterson, my colleagues here are ethan dunham and sharon nielsen, and we're members of the executive committee of the small business advisory council. Actually you was named chair about half an hour ago.

Potter: Congratulations.

Babicky-Peterson: Thank you. And ethan became at that point past chair, and sharon is the chairman of our small business development committee. We have in the audience a couple other of our committee chairs. There's jill crutchfield who chairs communications, amy, who chairs our membership committee, and then we have some of our members also our other members involved here today. Mayor Potter, thank you for having us on the agenda today and taking time with us, commissioner Adams and commissioner Saltzman and commissioner Sten, we really appreciate your time. We want to -- we have delivered a report to you, we're not going to read it to you, but we do have some points and highlights we would like to deliver of that report. But first thing we want to do is acknowledge the help that we have received from the staff of mayor, your office and all the commissioners' offices of veronica, erin, brendan, and john, they have been wonderful. They attend many of our meetings, as do many of the small -- the business bureau relations liaisons to small business, and actually without them we'd have a terrible time being an effective group, and that's very important to us. That we be a clear voice for small business in our community, and they help us immensely. We also want to acknowledge jennifer and her very able assistants, amy and jesse burke. They staff our committee and I have to tell you jennifer constantly supports us, keeps us informed, offers us guidance, keeps us focused and moving forward, and she wanted me to take this out of the notes, but she keeps us out of hot water a lot. So we really appreciate her. We're now entering our fourth year as small business advisory council, and we feel that we are in a unique position to work with you and with the city to promote ideas that affect the well-being of small business in our community. Small business is simply the backbone of our economy and of our community. And we are the -- an organization that is definitely a public-private partnership. Our business members are small business owners, and in addition to that, we have -- we represent industry groups, trade groups, and we have many representatives from various federal state and local government agencies, and we work together when we're around the table, it's quite a few constituencies that are represented. I've been a business owner in Portland for 30 years this year. And I know that I speak for others on our -- of our men's when I tell you how important I have found the small business advisory council to be. I believe that because of the sbac, the city has a vehicle by which to have a forum where we can have open discussion about the issues that affect small business, and those result in better policies to support small business access -- success and retention. I know you remember our mantra and bumper stickers, "small business creates jobs," and we continue to strongly believe that. We know that small business, when they have better access to resources, that simply improves the business climate, and improves the city and improves our neighborhoods. So we want to continue to encourage you to use us as a sounding board and a resource. We're able to reach out to many other small businesses through our network that we have established, and we do use that quite extensively. During the last year, since this is a report to bring you up to date and set goals for next year, we've done very hard work positioning ourselves to be ever more proactive. We see the year ahead as one where we're not going to just respond to issues that come before us, but we're working on developing position statements and internal policies and ideas for programs, so we'll have a group of positions that we believe will support small business

April 12, 2006

overall, and therefore strengthen our community. Let me highlight some of our accomplishments that we've done over the last year. First of all, we think we've been a very strong city resource. We've often testified at city council and we've testified in support of the business association grant money in support of the bitblf tax reduction ordinance, and we want you to know 85% of our small business council members have participated on various tax forces. The citizens budget advisory committee, the bes budget advisory committee, the pdot budget task force, regulatory improvement stakeholder advisory team, the fire police disability and retirement fund work sessions, the encroachment of Portland right of way task force, commercial trash haulers forum, and the time place and manner committee, just to name some of the things we've attended and spoken. We have also been representative of the small business community. We not only represent our own businesses, but each and every one of us is affiliated with several local business and industry associations. So we reach out through our membership to the Portland business alliance, to apnba, the hispanic chamber, the east Portland chamber, software association, and certainly the small business development center. And we've used that business outreach network, we now have 30 area business and industry association and chambers of commerce with whom we regularly communicate, and we have gotten the commitment from each of those groups that when we communicate through them they will specifically make sure that that communication goes on to their members. We don't just blast things out into the universe, we carefully choose to do that. We've also been involved in policy development and have worked to learn about many of the policies that already exist. We're in the process always of educating ourselves. We have to tell you we're very, very pleased with the passage of the small business liaison initiative. Those liaisons work with us and are now available to many small businesses, and they help them navigate the city regulatory process. We hope to use them even more in the future, and we want to make sure more small businesses are aware of this role and these people, and the help that is available to them. We have provided input on the proposal to create the new revenue department, and in our various meetings we've hosted presentations on the cell phone tax, the storm water discount program, the water rate cap, the system development charges grant program, commercial corridor study, and the small business loan program. So we're really getting ourselves educated. Here's some goals we have set ourselves for the next year. We created these goals actually in conjunction with working with when you we met with you and your offices over the last six months -- over the last six weeks. So one thing we want to do this next year is in conjunction with you all is to host two round table discussions for small business. We'd like to go out into the community and bring small businesses together in a forum, and discussion issues that are important to small business because first of all that would give them more of a direct voice, and secondly, that will help us suggest programs and policies that we think are important to support them. We also plan to do a pretty deep exploration of the small business financial resources for small business, and we're going to provide what we're going to call linkages in input. Talk about how the different programs relate together, and out of that, we plan to either suggest new programs where there might be gaps that have to be filled, or we're going to provide input programs that are suggested by others. So that they are well rounded and really represent small business interests. We certainly plan to learn more about the economic opportunity initiative because we think this is the type of initiative that's going to support small business and bring resources to them. We created a small business development committee, which is what sharon is now chairing, to work on this issue, and that's one of our big changes for the coming year. We also plan to support the implementation of the recommended bureau innovation project efforts that are related to city procurement practices for both professional services and goods and services as well as their customer services initiatives. And we plan to continue to seek favorable solutions about any issues or concerns that could affect small business in areas such as regulatory reform and costs of doing business. And in order to achieve these goals, for us to do this, we're going to continue to strengthen our recruitment efforts. We know membership on our

April 12, 2006

commission is a significant time commitment for any business, and we do screen people pretty hard about that. This isn't something you can just put your name on and be a member of our council. We have a high participation requirement, and actually are pretty ruthless about asking people to leave if they say they'll make the commitment and then they don't. So our recruitment is a big job. We're also going to continue to meet quarterly with our city bureau and small business leaders, and with the city council liaisons, because what happens when we meet with them is we get an idea of the thinking that is going on, you know, in your offices, the -- what is happening in the city, and that really helps us to be more effective and be able to respond to issues and also be able to propose ideas. We're going to continue to build our strategic alliances with business and industry partnerships, and we're going to keep being proactive on identifying small issues. We have developed our economic development position statement, but by the end of the year we expect to have that fleshed out into much more of a small business economic development policy statement. Over the years you have discussed -- asked us to be the voice for small business, and in that role, here are our requests of you for some of the actions we believe you can take that will help small businesses thrive and prosper in our community. First, we want you to continue to make the bitblf reform a priority. As these taxes put Portland at a disadvantage with surrounding jurisdictions. And big businesses maybe can leave, but small businesses are locally oriented and we hate to see our big businesses leaving. Those are our customers. We care very deeply about this tax and how it affects the economy as a whole. So -- ethan is working very hard on a tax proposal, and we're hoping that there will be some -- at least some consideration of basing that tax on businesses' ability to pay. We also know there's consideration on the cell phone tax and other tax measures. However, it's really going to be hard to get business community support of any kind of a tax if it doesn't go hand in hand with or involve some bitblf reform. We also ask you to take a comprehensive overview of the system development charges. This is another thing that's very difficult for small businesses, particularly the transportation, s.d.c., and look at some other options and maybe some other ways of financing those development charges. Again, based on a business's ability to pay. We're asking for a review of the s.e.c. grant program so that we can have the program funded again. That was quite a boon to many small businesses, and we'd like to see that continued. We also want to see that there be an emphasis on regulatory reform improvement. A lot of progress has been made, and that has helped a lot, and this is actually critical for continued reform and the -- that customer service is a priority. Not only with b.d.s., but with all the other bureaus. Actually, we are talking about working to encourage or even maybe develop some customer service training for bureau permitting staff. We've been discussing the idea of developing some training that involves role playing where bureau staff would play the role of a business trying to work through the permitting process in a way that maybe would give them some understanding of the frustration of the business that has a finance issue or a time issue, or some sort of a structure that they're trying to work on. And we thought role playing might be a way to get knows points across. We're also asking that you implement the integration of the Portland online website. That business page and part of business in Portland.org, we're working very hard to communicate with the thousands of small businesses who are out there in our city, and our matrix, our communication matrix is one small way, but we believe the website is what is really going to be effective over the long term. And we have been working with the people in the city who are developing that portal, and have had a lot of input into how that portal works. But we want to make sure that that continues to be a thrust and an emphasis for the city, and also that there be a marketing of that portal as it gets completed and gets available to people, so they are aware of it and we can have even more voices and small businesses using it. Last, but certainly not least, we have made a budget request for \$17,000 of general funds that will provide support and staffing for the sbac in '06-'07. That would also involve the small business forums we want to do, and hopefully you will continue to help us find new members and support the small business liaison program. Thank you.

April 12, 2006

Potter: Thank you, Jackie. Ethan?

Ethan Dunham: I think we've said it all. Do you have any questions for us?

Potter: Questions?

Adams: I just want to thank all as a group and individually, and Jennifer and the team at p.d.c. And the mayor's office, folks as well for the continued focus on small business. I mean, I helped get this underway years ago, and you far exceeded expectations, and the amount of time that you devote to it, and the seriousness of the discussions around the table at your meetings and your executive committee, the main committee and the subcommittees is very good stuff. I continue to learn from the good work that you do, and really appreciate it.

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

Potter: Do we have our members of the small business advisory committee please stand so we could recognize you? [applause] other statements?

Saltzman: Have you looked at the equal benefits ordinance we're considering next?

Sharon Nielson: Yes. And I will be staying on to testify. As a council, we are aware of it, and my committee has been dealing with it. We haven't taken a firm position, but I will be testifying with the information as a small business and having relayed that information by -- to the small business advisory council earlier today.

Saltzman: So the sbac did talk --

Nielson: Has not taken a full position on it yet. It has not been able to come forward on it yet, but I've been keeping them informed through my committee.

Saltzman: Thank you for your good work.

Potter: Yes, thank you folks so much. Jennifer Nolfi from p.d.c., I also want to thank her and p.d.c. Support. [applause]

Sten: I really think the work is coming to a higher level, not that it wasn't before, but there's a maturation in terms of the people's understanding and your strategies. It's a real pleasure to meet with you and I'm following up on my assignments.

Potter: And I would like to be one of your participants as you convene these -- the groups around business issues this year. So thank you for coming up with these great ideas, and I certainly support what you're doing. I think that you folks really represent most of the business in Portland, and I think we need -- I need, I'll speak for myself, I need to do a better job of working more closely with our business community and ensuring your needs are being met, because your needs are our needs. So thank you again. We appreciate all the hard work all of you folks do.

*******:** Thank you. [applause]

Potter: Please read -- actually I have to ask for a motion to accept the report.

Adams: So moved.

Saltzman: Second.

Potter: Sue, please call the roll.

Adams: Aye. **Saltzman:** Aye. **Sten:** Great job. Aye.

Potter: Aye. [gavel pounded] thank you, folks. Please read the 10:00 a.m. Time certain.

Item 446.

Potter: Commissioner Adams.

Adams: Thank you, Mr. Mayor. I'm pleased to introduce council item 446 for your consideration. I am pro family. I believe society benefits when two people make a long-term commitment to create a family. And I believe that government, all layers of government should encourage the health and prosperity of all such families. So I think we have a problem when a city contract workers can get employee benefits for up to 19 children in some cases, and not a committed life partner. I want to end the second class treatment of some families headed by unmarried domestic partners and those domestic partners that cannot get married. And I believe that what we have before you today will help do that. City benefits have been applied equally to all employees'

April 12, 2006

families here in the city of Portland. Domestic partner benefits since 1994. This ordinance today is meant to ensure that we follow the standard for our contracted workers. Our principle of equal pay for equal work is clear. When you offer a benefit to one kind of family, you should offer a benefit to every kind of family, and we should not be treating some kinds of families as second class families. So i'm happy to introduce today what I believe is a good council policy to help working families. I'm also happy to say that in part of the work we've done in the past months we can now count on every single one of Oregon's insurers in helping small and large business statewide get the health insurance they need to cover domestic partners. And I want to name these companies, Oregon insurers that are now offering the small employee benefits for domestic partners that at the beginning of this process many months ago, not all of them did. Kaiser, you're going to hear from dan field later who is also an -- a provider of insurance coverage for city workers. O.d.s., pacific source, pacificare, regents, health net, providence, as of just this week, and lifewise as of yesterday.

These are good companies for all families in the state of Oregon. I want to thank everyone who you're going to hear from today. I want to thank -- and we have worked a lot with the business community, business representatives, small businesses, large businesses, the insurance companies, but I want to especially thank jesse beason, my senior policy development director in this area for the excellent work that he has done on this. I've sat in many conversations with certified smart people on this issue, and he by far is usually the smartest one on this topic. So thank you, jesse, and you're going to take us through a quick power point.

Jesse Beason, Commissioner Adams Office: Great. Thank you, commissioner Adams. Thank you, mayor Potter, and commissioner Saltzman and Sten. As sam said, we've been working with various folks on the equal benefits ordinance for a while. I do have a brief presentation to go over, sort of where we've been and where this ordinance hopes to take us. So, the equal benefits ordinance. I want to start with a little bit of the context. What is the city currently doing now? As sam said, many of our policies do encourage the health and prosperity of all committed families. We also know that our policies encourage the participation of minority women-owned and emerging small businesses and contracting. And we also know our nondiscrimination policies clearly apply, whether they're carried out by the city of Portland directly or through a contractor, and city benefits have applied equally to all employees since 1994. So why equal benefits? I think many people forget employee benefits can comprise 20-40% of an employee's total compensation package. Often times even when spousal benefits are offered, domestic partner benefits can be excluded from this level of compensation. And I do want to clarify I mean gross compensation. There's a fair amount of difference in the tax code in the way they treat the benefits, so it's hard to ever get to equal compensation on a net level. So to address this issue of equal benefits, the equal benefits ordinance tries to solve some of these issues. Specifically, it prohibits the city from entering into a formal solicitation contracts with an employer that differentiates in the provision of benefits between employees with domestic partners and employees with spouses. So put simply, if a contractor offers spousal benefits, they will need to, under this ordinance, offer an equal level of domestic partner benefits. Of course we're not the first ones to come up with this idea. San francisco was the first city to enact an equal benefits ordinance, and since then, 10 or 11 other cities have joined suit as well as the entire state of california.

Adams: I just want to point out tumwater, Washington, the radical city of tumwater, Washington, has passed this.

*****: Population 12,000.

Sten: And the childhood home of my mother. Its slogan, "it's the water. Olympia beer." [laughter] it's the water and the benefits.

Beason: There we go. Why this ordinance? That's really to help ensure that public dollars align with our public policies, a fairness and equality in employment. We think it also implements a higher accountability to our current equal employment opportunity certification program that

April 12, 2006

contractors currently go through where they do affirm equal opportunity in all aspects of employment. And these aspects do include rates of pay, and the terms and conditions of employment. And also to help equalize to the extent possible benefits among similarly situated employee and their families. So what benefits are we trying to equalize here? First, any plan, program, or policy provided by an employer to its employees as part of the total compensation package. This includes a lot of things. I do want to highlight that although health insurance remains one of the largest concerns for many families, many of these benefits that you see listed here are incredibly important to the families of Portland. Things like making sure when you have a sick loved one that you can tend to them and not lose your job because of it. So it's a very minor thing for the employer, but it sure makes a big difference to the employees. We do get a lot of questions about the ordinance, so I want to answer some of those up front. First of all, will every contractor be included? And the answer to that is only prime contractors on formal solicitation contracts. And i've listed those contracts out. It includes the construction contracts, professional, technical, and expert contracts, and our goods and services contracts. Each have different threshold amounts that require formal solicitation, but it seemed a logical fit that when we were going out for a formal competitive process, that that process include this requirement. Also after those dollar amounts you can see the average number of contracts annually if we look at the past two years, that that would include. So it's about 280-some-odd contracts a year. And some only employers who are offering either employer paid or employee paid spousal benefits would be -- we would be looking at to provide parity with the domestic partners. There's a fair amount of contracts that are not covered currently under the ordinance. You can see the list here. In the ordinance it does ask the bureau of purchases to come back in february with a report about the implementation process. February of 2008. And whether or not we can extend those contracts -- extend the ordinance to include other contracts. A big question, won't this allow roommates and friends to abuse domestic partner benefits? And that really hasn't been the case in many of these instances. First of all, it's often more exhaustive to prove you're domestic partners than you are married spouses. Also, as I mentioned briefly, the federal tax code and even the state tax code treats the benefits of domestic partners differently, so there's tax disincentives for someone to just sign up for domestic partner benefits for their friend.

Adams: I also just want to add that when you compare domestic partners, the -- sort of the legal requirements to become domestic partners, as opposed to the legal requirements to become married, the domestic partner verification requirements are more than for married requirements. You can go to Multnomah county and get married in a matter of minutes, and you as an employer would be legally required to provide those benefits to the married spouse, even if you never lived together, even if you never cohabitated. So this will be actually a higher standard for domestic partners.

Beason: One of the largest concerns that we heard, especially from a small business, was, is there domestic partner health coverage available. And we're happy to say that thanks in part to the outreach that we've done to the insurers and the great partnership they've shown, that all eight major Oregon insurers currently do or plan to offer domestic partner coverage for small businesses as of january 1, 2007. And we know for sure six of these eight will do so at no additional charge to the small employer. And on this next slide you can see a list of the eight insurers that sam mentioned briefly. I do want to note they cover 99% of the small employer market, and 90% of the total group health insurance market of health insurance that's subject to our state regulations. How much is this going to cost? As we talked about earlier, most of the health insurance costs, which is a big concern because that's often the largest cost of benefits, many of these insurers are not adding additional charges. So if -- it would be as if you were adding a spouse. Doing some math based on labor costs increases that you could assume based on pretty low enrollment rates, you can see the costs are pretty low. I want to talk about the next steps after this. If council dozen act the equal benefits ordinance, from now through the rest of the summer we would work primarily with the bureau of

April 12, 2006

purchases and the listed stakeholder groups who have already agreed to help be a part of this process, and working out the ways we're going to implement this. Certainly we don't want to take a heavy handed approach with this ordinance. We want to work with the contracting community to make shas easy as possible, and fair and responsible. And starting in the fall we would like to do proper outreach to the contracting community to let them know of the processes that the group has come up with in terms of fair implementation. Much like the equal employment opportunity certification program, where you do it once and two years later you do it again, we'd like a similarly easy process for them to go through. And the policy would take effect on contracts enacted after january 1 of 2007. With that i'd like to turn it over to sam to invite up some other folks, if there's not some questions for me at this time.

Potter: Thank you.

Joe D'Allesandro, Portland Oregon Visitors Association: The pova has been a contractor of the city's for over 25 years, and for at least 17 of those 25 years we've been providing domestic partner benefits. Not because we had to, but because it made sense and it made business sense for us. If we're going to do our jobs properly, we have to be able to hire the best and the brightest employees possible, and we have to be able to create a workplace that is fair and equitable and enjoyable. It would be unconscionable for to us provide some benefits to some families and deny those to others. So this was an easy decision, a decision made long ago, not because we had to, but because it made business sense for what we were doing and to create the work force we needed to do it's been in place for over 17 years with no issues, and a work force that is happy about that.

Adams: Thanks for being one of the early leaders in the area of providing domestic partner benefits to the leaders of all kinds of things. John, I wanted to thank you as well. I forgot to mention our partners in unions, organized labor that have been instrumental in helping us craft this ordinance for Portland.

John Mohlis, Columbia Pacific Building Trades Council: Thanks, commissioner. Mayor, commissioners, thanks for the opportunity. My name is john, i'm the executive secretary-treasurer of the columbia pacific building and construction trades council. I haven't polled my entire membership yet, but the general feeling is I think most folks are fine with this. The one concern we've got is that for union contractors and our members that work for them, we have health coverage for everyone and the workers and their spouses and dependents. In the open shop world, health care isn't universally provided, some contractors have it, some don't, some that do only cover the employee and not the employee's spouse. So there are some concerns that the union contractors are being held at a different level than the open shop contractors. But I understand the commissioners push in trying to extend coverage for folks and we support that. I have volunteered to be a part of the working group that writes the administrative rules for this, and so the one thing we're going to want to have under consideration is collective bargaining agreements that have different dates, and there's trust action that's need to be taken, and it's my understanding people are going to be willing to work with us as these dates and deadlines come up and give us some flexibility to work through this system. The only other thing i'd like to add, it would seem fair to us to require health coverage for everyone that works on city-funded projects, whether they're open shop union, all across the board. I understand that's a bigger conversation for another day, but it's a conversation that I hope that we can have in the future.

Adams: The issues you discuss -- the issues concerns that you raise, we're committed to working through with you on, and part of our effort to do that will be in the writing of the administrative rules.

Dan Field, Kaiser Permanente: Good morning, dan field, director of community and government relations at kaiser permanente. I want to thank commissioner Adams and his staff, who contact us last year and in the course of developing this, stumbled across a major problem, which was this coverage was not available generally in small group insurance market. So they talked to me about

April 12, 2006

how we make this coverage available, and I told them that insurance companies are all about managing risk. And that in this case, the way to make it happen was to bring everybody into the market, all the insurance carriers into the market at the same time and make sure everybody was offering this coverage, and so there was a level playing field, and insurers could manage risk and not be outliers relative to their competition, if you will. So rather than challenging that, commissioner Adams and his staff said, ok, we'll make that happen. And to their credit, they did. We brought all the insurers to the table, just across the hall here and said, "how do we make this happen?" one by one we went back to our organizations and said, "this needs to happen." domestic partner coverage is common in the large group market, obviously that means 50 and above. What hadn't happened yet, we hadn't been able to push that below 50. The groups of 2-50 is a highly regulated market, people are very nervous about offering unique or unusual products or benefits in that market. So I think that really the great untold story of this ordinance is not the impact it will have on the employees of city contractors, though that's important, really the untold story about this ordinance is the change it's bringing to the small group insurance marketplace in this city. So I want to commend the city council and the mayor for their willingness to do this, because what you will see is now all small businesses throughout the city of Portland will have access, they won't be required, but they'll have access to a benefit that previously they didn't. So I commend the council because it will drive changes in the marketplace that go well beyond city contractors. And let me just close by saying what I told our manager of small group business, that we were looking at making this change that all carriers were going to do it, and it would be a good thing for us. She said that's great, dan, our customers have been asking for this." so she's closed with, this is long overdue, small group market deserves access to the same kind of benefits the large group market has had, and I think this benefit ordinance will allow that change to happen.

Adams: I know on behalf of jesse as well I want to thank you for your mentoring in helping us better understand the complex nature of insurance businesses. You don't get paid enough, I can tell you that. Also there's a little factoid about dan. We both had the same job, same title for the same person, but in different buildings, dan was the chief of staff to speaker vera katz, and I had that job when she was mayor. So it's good to work with you again.

Field: Thank you.

Mohlis: Can I say one more thing? I just forgot it in my earlier remarks. Some of our council's affiliates trust funds already do offer domestic partner coverage. So there's already some that have started that and I know there's a rep for one of those in the room and he might be signed up to testify later.

Adams: Is that jerry?

*******:** Yes.

Adams: If I could have sharon and jerry and dean.

Potter: Thank you folks for being here. When you speak, please state your name.

Adams: Sharon?

Sharon Nielson, Small Business Advisory Council: Ok. I'll start. Sharon nielsen. I am the principal in the nielsen group, my own small business. I've had a small business since 1994. I am a member and the chair of the small business development committee of the small business advisory council. I'm here today to speak as a business owner about this proposed ordinance, and I think this is a wonderful step forward, and I echo the comments earlier stated, that this brings small business in connection with large insurance companies. A collaboration that really hasn't occurred, the difficulties we've all heard about small businesses getting any kind of coverage, let alone coverage for domestic partners. And I would say that I strongly support this. I am committed and i've talked to the small business advisory council, would like to continue to be involved in writing the administrative rules. Because in my experience, we have these great ideas, and we bring these great players together, but the rubber meets the road in how it gets implemented, and we want to be sure

April 12, 2006

that small businesses and brokers who represent small businesses, that we have a very smooth entree to this. We further don't want to see any barriers created to small businesses contracting with the city. As the small business advisory council is very much in support of increasing the access to contracts through the city, so in adding this particular requirement, we want it to be smooth, effortless, and really bring it forward in a way that benefits both the insurance companies, because as you point out, sam, insurance is a very complex industry, and it's a little like small business accessing the city. Sometimes the complexity can be a bit overwhelming. We want to be sure that it's very straightforward, and I look forward to working with you on creating that to happen.

Adams: Thanks for your support. Dean?

Dean Funk, Portland General Electric: Good morning, dean funk, manager of local government affairs for p.g.e. Actually, I was -- served on the basic rights Oregon board somewhere -- the singular focus that year was working on something called the fair workplace project, which was signing up companies all over the state based -- basically nondiscrimination. I can't imagine anything more discriminating than not providing benefits. Pretty soon after that p.g.e. signed on to that. As a practical matter, attracting the best employee assist reason enough to do it. So we signed on very early. P.g.e. began providing domestic partner benefits in january of 1999, and I just want to relate one little story, it comes from a recent meeting that I was at on the subject of employees and the nondiscrimination. Around a table with a group of business leaders, they were talking about the issue, and they were raising all kinds of issues that were happening in their company, in their organizations, and for me I was like, those aren't issues at p.g.e. If they were issues, they've long since passed. Part of it, I pulled a sheet of paper off our website today that describes our gale force, which is the gay and lesbian group, diversity group. "to foster an environment at p.g.e. Where gays, lesbians, and other sexual minorities can thrive and achieve success in a safe work environment." and it goes on. One of the things that was striking, i've just taken for granted, that that's the way every place is. But that is actually not the case, and at p.g.e. We've -- it's become an assimilation, it's no different there. So I would advocate and speak on behalf of p.g.e. in support of the ordinance.

Adams: I too want to laud p.g.e. Being one of the first largest employers to really sign on with domestic not only -- actually providing the benefits, and I know you personally had a lot of -- you're a lot of the reason why that happened, so thank you.

Jerry Auvil, Carpenter's Union: Jerry auvil, a representative of the carpenters' union, and a citizen of the city of Portland and able to raise my family here. We recognize that the city as well as the carpenters' union have an obligation to promote communities familiar letter wage jobs, good benefits, and safe working conditions. Actions speak louder than words. We support workers in the interest of labor regardless of occupation, sex, nationality, religion, or color, for wrong done to one is a wrong done to all. We stand against the exploitation of workers under the same principles. For over five years we have covered under our health and welfare trust domestic partners and committed life spouses, same-sex partners at the same level as members of our families in more traditional relationships. I would also like to point out that we -- the carpenter subcontractors that wouldn't be required under this new ordinance should it pass, which I believe it will, are going to be providing those same benefits for over 3500 carpenters throughout the state of Oregon, even though they're not required. So it's like, we're trying to help meet that bar. I'm proud to say we are one of the unions that has this trust benefit for our members for over five years, and we'd continue to work -- committed to working with the city in the support of wages and workers, and these issues as well. Thank you.

Potter: Thank you, folks.

Adams: Thanks for your leadership. The last person on the invited list is roy. Saved the best for last.

April 12, 2006

Roey Thorpe, Basic Rights Oregon: Mayor Potter and commissioners, it's a pleasure to be here. And an honor. I'm here to testify in support of the proposed ordinance also. I'm the director of basic rights Oregon. It would probably come as no surprise to you that we would support this ordinance. I want to thank commissioner Adams for his leadership on this issue, and also thank jesse beason, who has been incredibly tireless. The depth of his knowledge, i'm sure he dreams about equal benefits when he sleeps.

Adams: On his sadder more pathetic nights, yes.

Thorpe: Well, without getting into that, I would say the equal benefits ordinance is a meaningful step forward for the city. There are so many families with children out there without health insurance, and the nearest estimates are that 30% or more of same-sex couples have children -- same-sex couples have children, and many of the children are uninsured because employers do not recognize domestic partners for insurance purposes. You know, I think what this does is it sends a messages, both to the employees of the contracting agencies, but also to everyone in our city that every single one of us matters, and that none of us is a second class citizen. And in addition, I would just echo what has been said about the work of bringing the insurers on board with this. It is still the case, dean was saying in the early days that they heard a lot about equal benefits when it came to the fair workplace project, and we have over 300 employers in our fair workplace project, including some of the largest employers in Oregon. But one of the reasons we've never made providing domestic partner insurance a requirement of being in that project is that so many small businesses have wanted to offer those benefits, and haven't been able to. And I have to tell you basic rights Oregon is one of those organizations, where small -- we're a small corporation, our health insurance provider until now has not provided insurance to domestic partners, even if our organization. And if we couldn't get it, there were plenty of others who were well meaning wanted to do the right thing and couldn't. And I think this is what happens when people's awareness gets raised, when there's a goal and a purpose instead of just good intentions. And where people are moved to action. And so this is the ripple effect of all of the good work the city has done for many years, the leadership of everyone on this commission, and I think what we've stood for as a community. So I want to thank you, I hope this passes. We're happy to be a resource in any way we can on this issue, and on any other issues.

Adams: Thanks for being such a great resource on this issue.

Thorpe: Thank you.

Adams: That's it, mr. Mayor.

Potter: Do we have a sign-up list?

Parsons: I have. We have three people signed up.

Potter: Please come forward, folks. Mr. Long, come forward. Is mr. Hamer here?

*******:** Should I start?

Potter: Please, go ahead, mr. Long.

Charles E. Long: Thank you. My name is charles e. Long, I thank you for this opportunity. First I wanted to thank commissioner Adams for introducing this important piece of civil rights -- civil liberties issue. I certainly support it. However, I think the public in general needs to be better informed of this issue, and be given an opportunity to weigh in on it. And if it is rammed through quickly I think there will be a lot of suspicion among the general public. Therefore, when this -- when this ordinance is passed and perhaps today or whenever is appropriate, I would hope that the city council would refer it to the voters for the november election. And I think that would be helpful to everyone, and I think it actually would help to put public opinion in support of this issue, because the perception of some is this might be rammed through by a group of special interest groups, and I think it would be beneficial to have it referred to the people. Thank you.

Potter: Is that it, then?

Parsons: That's it.

April 12, 2006

Potter: Any discussion? This is a nonemergency vote.

Saltzman: I did have a question. This is first reading, though, right?

Potter: Correct.

Saltzman: Jesse, why don't you come on up here. I guess i'm interested to understand if an employed domestic partner's spouse has children from another marriage, or whatever, would those children be covered?

Beason: So if there's a domestic partner, and they have children from a prior marriage? Or something?

Saltzman: Right.

Beason: Yeah.

Saltzman: And they have not been adopted by one of the other partners or something.

Beason: Typically if that's the coverage the current employer provides to spouses, so if it's your second wife and their children are covered under your insurance policy, it would require that equivalent. So it depends on the way your policy is written to cover folks, but yeah.

Saltzman: Thanks.

Sten: No questions, but I want to say thanks to you for working on this. I think this is a big step forward. One of the most important things commissioner Adams and have you been getting this, the city can do is use our purchasing power. You don't have to contract with the city of Portland, but if you want to, we require certain things, and I think this is really the next step and the very reasonable one, and I want to personally thank dean for his work on this issue, and I think in some of the arguments we've had with p.g.e. On some issues that get lost at times, we're actually fighting because we think that's a great company and does a lot of great things and p.g.e. has been terrific on this issue, and dean funk in particular. So I wanted to point that out.

Potter: I really like the idea that through your work and leadership of commissioner Adams that all small businesses are going to benefit from this because of the expanded coverage to them. So I think this is a big day in terms of expanding coverage to businesses who previously could not even apply for it. So thank you very much.

Saltzman: I'd like to add my accolades to commissioner Adams and jesse and all the people who have worked to get here. I was concerned about impacts this might have on small businesses, but those concerns now are totally allayed. I think this is -- as mayor Potter just said, I think we're playing the role that government should play here. We're basically developing the market, creating the market, and allowing the insurers, who are afraid of risk and afraid of being the first to get into a field to enter into this field together, largely as a result of the work you've done. So this will reduce the risk for all of them, and it's going to provide peace of mind to countless employees throughout the city of Portland, throughout the region who do business with the city of Portland. Peace of mind to families with children, families without children, about their loved ones being taken care of in time of need. And it's a human thing to do and it's the right thing to do, so i'm very pleased to say now, though i'll vote next week that i'm proud to support this.

Adams: Good job, jesse.

Potter: Does this move to second reading?

Parsons: Yes.

Potter: Ok. I would ask the indulgence of the council to us to move through the emergency votes first. I have to leave at 11:40 for an appointment. First one is please read item 466.

Item 466.

Potter: Commissioner Sten, did you want to speak to this matter?

Sten: No.

Potter: Anybody here to speak on it from staff? Emergency vote, please call the roll.

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

Potter: Aye. [gavel pounded] please read item 467.

April 12, 2006

Item 467.

Potter: Good morning, sue.

Sue Klobertanz, Director, Revenue Bureau: Good morning, mayor and council. Sue Klobertanz, director of the revenue bureau, office management of finance. As you well know in november of '05, the council committed to move forward with a program to provide storm water discounts to ratepayers. This particular proposed contract amendment before you today is for the current utility billing software vendor cayenta, to design the customer registration and approval portion for the clean river incentive discount program. The integration of the front end application process into our current billing system will minimize the manual processes for application and approval by both customers and staff. We think it will allow us to gain cost and resource efficiencies through maintenance and support of one system rather than two or more. And also will allow staff to just be trained in a couple new screens rather than a whole new system. The cost of this amendment is included within the current financial plans for b.e.s. And the revenue bureau and do not impact the rates. Let me stop there, because you're so familiar with this program, you've reviewed it so recently, I have dan and jim from b.e.s. If you have technical questions on the specifications from cayenta and what they'll be doing, but let me stop there and let you ask questions.

Potter: Give us a 30-second update on cayenta.

Klobertanz: Wow.

Saltzman: That's better yet. [laughter]

Klobertanz: We were very excited. The staff and consultants and everyone involved worked very hard. I knew we were on the right track when five minutes after 8:00 on monday morning a staff person came running up to me and said, "wow, I just got a report, i've never had barbara welch, and it's right:" so we sent out our first about 8,000 bills yesterday, and after a review of those we only found two that were questionable, and that was because of the data that had been entered, not because of the software program. So we're on the right track, we will not declare victory until the end of the first full billing cycle, which will be about three months out, but knock on this beautiful wood, I so far, so good.

Potter: Thank you. Questions from commissioners?

Saltzman: I guess I think first of all I think it is worth pausing and noting that we are now operating our new water and sewer and storm water billing system, and it's started monday, 8:00 a.m., and today is wednesday, so it's great. It really is an important moment that we should acknowledge. My question goes back to during our budget discussions on the infrastructure team, I had raised concerns about \$1.5 million that was devoted to outreach and marketing, thinking that's too much money for the task. Are you asking me now to approve that before we've approved a budget?

Klobertanz: I don't want to be so bold as to talk about b.e.s.'s budget.

Jim Haggerman: Commissioner Saltzman, jim, bureau of environmental services. We're asking for the contract amendment, not for the entire budget. The request here --

Saltzman: Is that a yes or a no? Outreach and marketing the \$1.5 million I raised questions about is not in here?

Haggerman: Correct.

Saltzman: Ok.

Adams: But I can tell you that we've met with some of the best outreach marketers and polesters in the city to go over our package, and we'll be coming back probably next week or the week after with council. We'll go through their opinions and it's different than what was originally proposed by the bureau. So you'll have a chance to weigh in on that. We won't --

Saltzman: It is less costly than originally proposed?

Adams: Yes.

April 12, 2006

Saltzman: Moving in the right direction. Ok.

Potter: Other questions from the commissioners? Thank you, folks. This is an emergency vote, please call the roll.

Adams: Aye. **Saltzman:** Aye. **Sten:** Good job. Aye.

Potter: Great job. Aye. [gavel pounded] sue, please skip down to item 470.
Item 470.

Adams: Thank you, mr. Mayor. This establishes the intergovernmental agreement, paid for by funds outside the city for studying the best way to improve the columbia river crossing, i.e. The potential to preis -- replace the existing bridge.

Potter: On the subsequent page it talks about a total amount authorized of \$164,000. Is that our funds, or this other agency?

Adams: Paul, do you want to answer that specific question?

Paul Smith, Office of Department of Transportation: Paul smith with pdot. That funds the participation of several members of our existing staff, transportation planning modeling, and design, and that is -- this is basically federal money coming through the Washington d.o.t.

Potter: Thank you. Other questions from the commissioners? This is an emergency vote, sue, please call.

Adams: I have to to say when the project staff for this project put like five years worth of meetings on my calendar, I thought that was both a hopeful sign and absolutely exhausting to think about. This is a huge project. We've dedicated some of pdot's best and brightest, including paul and his team, and we are very grateful to washdot for paying for our staff costs associated with this project. We are very grateful. Aye.

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

Potter: Aye. [gavel pounded] please read item 471.

Item 471.

Potter: You're it.

David Olson, Cable and Franchise Management: Commissioners, david olson from cable and franchise management. This is fairly self-explanatory. I'm here to answer any questions you have.

Adams: People actually use pay phones still?

Olson: Commissioner, it is not a business that's in a growth pattern for all kinds of reasons. But they're still out there, and in fact they still are useful and needful for many folks.

Potter: Do you think they could put some telephone books with some of those phones?

Saltzman: They want to you pay 50 cents to dial information. That's why there's no phone books.

Olson: Commissioner Saltzman is correct. In fact, the whole issue of phone books and how -- their availability and how things are listed is one of continuing concern. In fact, we're working with commissioner Saltzman on phone book issues for everyone. So your point is well taken, and you'll be hearing a little more from us on that.

Potter: Other questions for david? Emergency vote, please call the roll.

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

Potter: Aye. [gavel pounded] please read item 472.

Item 472.

Potter: I assume this is the companion piece for this?

Olson: Indeed, this is the companion piece.

Potter: Emergency vote, please call the roll.

Adams: Thanks, david. Aye. **Saltzman:** Aye. **Sten:** Aye.

Potter: Excellent work, david. Thank you. Aye. [gavel pounded] I think we're moving back to 468.

Item 468.

April 12, 2006

Jim Coker, Office of Management and Finance General Services: Good morning. Jim coker, i'm with the office of management finance bureau of general services. There are mainly two parts to this ordinance. The first part is the fairly routine request to authorize us to execute a contract with the lowest response of the responsible bidder and to provide for payment. The second part, which is noted in my cover memo to the ordinance, is regarding two federal programs that are required as part of this federally funded project. These programs are the disadvantaged business enterprise program, otherwise known as d.b.e. Program, and the on-the-job training program, otherwise called o.j.t. Program. The Oregon department of transportation administers the funds for this work, and they set the goals for these programs. When this ordinance was written and filed, the goals were initially set at zero for both of these programs. Since that time, odot has reassessed the goals and has changed them to a 5% d.b.e. Goal, a 10% o.j.t. Apprenticeship goal, and they've added a third new program, mwesb program, with a 10% aspirational goal. That basically concludes my presentation. I do want to note that there are a number of folks here from odot to answer any questions you may have about those programs. We have mike cobb with odot civil rights, john jackly, with their local program, he's the local program manager, and beth fargus-duncan, a local program certification manager, if you have any questions.

Potter: Questions from the commissioners? I want to thank odot for assisting us helping preserve a wonderful historic landmark, so thank you folks very much for your assistance. It's greatly appreciated. Thank you, jim. This is a nonemergency. It moves to a second reading. Please read item 469.

Item 469.

Ed Rutledge, Bureau of Human Resources: Good morning, mayor, council, ed rutledge and the labor and employer relations division. B.h.r. This calls for endorsement of a letter of agreement between afscme local 189 and the city that would provide for a six-month leave for the local's president. I'd like to point out that this is the largest local within the city, contain about 1100 members. The local's president has become very busy and has become even -- has become more busy -- additionally busy with the project establishing a network of citywide labor management committees. This local also represents members who work in virtually every bureau, so the work with bip6 setting up labor management committees in each bureau requires a special commitment from this particular local. This letter agreement would set up a six-month leave of absence for the local's president and this person would then continue to be on city-paid time, but the local would reimburse the city for 75% of that time as only about 25% of the time would be directly associated with bip6 work, which is considered city work. This letter of agreement represents a collaborative effort that's taken a couple of weeks, almost a month between the local and the city, and we hope that it can be endorsed by city council.

James Hester, AFSCME Representative: James hester, council representative for afscme council 75. First and foremost, mr. Mayor and council members, I would like just to extend my appreciation to tim grewe and sue clobertance in the office of management and finance for working with us, and in addition evonne deckert and ed rutledge and the city attorney's office in working through some of the legal issues related to this. Not major ones, but legal issues nonetheless, and I think it was a clear indication of us all working together that is truly part of the labor management philosophy. With that said, i'd like to encourage the council to vote yes on this. The labor management concept, the bip work we have been doing thus far has been very important. We've taken some great steps, i'm encouraged by it, the president is very committed to this process as is the local and the dcu, and we would encourage a yes vote on this. Thank you.

Potter: Questions from the council?

Adams: Where do you work in the city when you're not the president of afscme?

Hester: Well, it was difficult when I was at the police bureau and i'm sure it's difficult for carol when she's the o.m.f., but it's busy. The key point on this is for the o.m.c.'s to be vibrant, ongoing

April 12, 2006

entities within the city for a long period of time, it will take the commitment of not only the management staff, but the rank and file and all the bureaus. And that's what carol's role will be, is to work with our rank and file to get them behind this process so when we all meet for some reunion five, 10, 15 years from now, that it will still be an ongoing process.

Saltzman: So the financial impact of this is \$8,479?

Ruttledge: That's the portion that would be paid for by the city for the 25% activities in bip6.

Potter: Questions? The resolution calls for a vote. Sue?

Adams: \$8,476, this is a bargain: Thanks for all your leadership and good work. Aye.

Saltzman: Sounds good. I think carol's -- will contribute much time proving our labor management committees throughout the city government. Aye.

Sten: Couldn't agree more. Aye.

Potter: Aye. [gavel pounded] please read item 473.

Item 473.

Saltzman: This is a routine step that we take whenever pacificorp or northwest natural or p.g.e. Or qwest file rate increases. We attain intervener status so we can participate in those filings. And pacificorp and pacificorp and p.g.e. Have both filed major rate increases, so this gives us the status to intervene in those cases. Did you want to add anything?

David Tooze, Office of Sustainable Development: Dave tooze with the office of sustainable development. I'm here to answer questions if you have them, but as commissioner Saltzman has said, this is a practice that we have routinely participated in, it brings the city of Portland to the table and brings to us access to the numbers behind the proposed rate increases by both pacific power and Portland general, who by coincidence have filed for 8.9 to 13.5% rate increases at the same time.

Potter: Questions? This is a resolution. Please call the roll.

Parsons: I had a sign-up sheet and teresa teeter has signed up.

Potter: I'm sorry, teresa, please come forward. I apologize.

Teresa Teater: Good morning. I'd like to testify on this really quickly. Having paid my electric bill to p.g.e. Here, I agree that tariffs are needed to contain corporate greed and overrun the citizens should be able to sustain a quality of life within their homes to utilize electricity. I've had my shut off several times in the past, maybe five, six years ago through this company, and i've watched other women standing in the lobby begging and begging to have their power turned back on, and five children in their home and they've got maybe 40, \$50 in their hand and they wouldn't even take and it turn it back on. I also wanted to sigh that having come from a state and a town, lincoln, nebraska, where the city owned the electric company, my bill every month said l.e.s. In the corner, lincoln electric system, i'm also suggesting why aren't you folks buying stock in p.g.e. And owning it? Why doesn't the city of Portland buy the stock? Can do you such a thing? I don't know. Well, i'm sorry. I tried. Would it have been a great thought. We own other parts of the city. Also, we've got some governor candidates that are talking about proper, more corporation taxes, higher taxes rather than letting Portland general electric just pay \$10 for corporation taxes. So if you can keep that in consideration when you're going after these tariffs, i'd appreciate it. Contain the costs, make it identifiesible for persons to get the electricity, especially when we've got the new electronic cars running around too. Thank you.

Potter: Thank you. Please call the roll.

Adams: Aye. **Saltzman:** Aye.

Sten: We can't buy stock, that was the issue. We could have bought the company, but we can't own stock. For a variety of reasons. Most of them pretty good. But we can, and will I think in this case get very involved in the rate cases. We've always been involved from a standpoint as a customer, a large kerry think we're the 10th largest of p.g.e., and in this case we've actually developed a lot more expertise, and the entire rate base and the financing structure and I think this will be a very

April 12, 2006

aggressive intervention through the typical rate making procedure, and I think we will make a strong argument these rate increases are inflated and should not be allowed to go through. Certainly the argument I think we hope the p.u.c. Will listen to. Aye.

Potter: Aye. [gavel pounded] last item on the -- no, we have bruce broussard pulled an item, didn't he?

Parsons: He earlier wanted to speak --

Potter: That was the 9:30 time certain.

*****: We need to acknowledge veronica, she wanted to speak on the afsome local 189, and I didn't see her. Did you still want to speak?

*****: [inaudible]

Potter: That's part of the membership, is within the police bureau. But it's also other areas.

*****: [inaudible]

Veronica Bernier: I'll go ahead with my -- I know some of the locals. I was surprised at the number, but i'm veronica from community health education, p.s.u. I wanted to say I do support the local efforts. I do support unions. I think they're very important. I come from a long union family, local 250 hospital workers association. We have always supported the police in the past and most of their efforts have been good for this city. I just have one point to make, it's very tiny. In the larger clock of policing and patrols special staffing this, is just a little tiny point, between the hours of 12:00 and about 12:45, the coverage is very, very, very small compared to the direction of calls from the 9-1-1 system coming in. And this is a consistent problem in the past, and i'd like to see that increased. I just wanted to add this, even though it's not directly to the point, that I have a concern that between 12:00 and 12:45 when the needs are greatest when people are out on the street, after going bar hopping, whatever, that our actual police patrol special out on foot patrol are the smallest. And that's the time when we really need them, between 12:00 and 2:00 in the morning. In every district this is true, specifically in the pearl town area, pearl district area. So I wanted to say complete support for the police and the city, always have been, and they're doing a great job considering the current controversy, and i'm sure that will be settled in the future. Thank you very much.

Potter: Thank you. Is that it, sue? Ok. We're adjourned until 2:00 p.m. [gavel pounded]

At 11:14 a.m., Council recessed.

April 12, 2006
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.

APRIL 12, 2006 2:00 PM

[The following text is the byproduct of the closed captioning of this hearing. The text has not been proofread, and should not be considered a final transcript]

[Roll. Commissioner Leonard was present by telephone.]

Potter: Please read the item number.

Item 474.

Potter: First I want to thank the entire city council for the discussion we had on this, and also specifically commissioners Saltzman and Adams for their help in putting this together. The spending plan for the Portland aerial tram will bring the project to completion and is the right decision for the city. Saturday's "the Oregonian" editorial underscored the importance of this project. The tram helped leverage the development in the south waterfront, including the new campus extension for ohsu, thousands of new residents, and new jobs. Although the city's share of the cost of this plan increased from by completing the project we are saving the city money. I appreciate the willingness of the tram's partner, ohsu, the south waterfront developers, kiewit pacific, architect sara graham, p.d.c., and pdot to come to the table and work collaboratively to develop the funding plan we have today. The increasing costs of the tram have been felt and shared by all of the project's partners, both public and private. Eager to move forward with the certainty the project will be fully fund until its completion. I will be auditing the process used to make the tram decisions to avoid these kind of cost overruns in the future. Let us begin by having you come forward.

Bruce Warner, Director, Portland Development Commission: Good afternoon, members of council. It is a pleasure to be before you today to talk about the comprehensive funding package to deal with a number of important public projects in the south waterfront central district. I understand you have before you a resolution and two ordinances, and my presentation, my part in this is really going to focus on the resolution that you were just read the title, which really does affirm the city council's desire to commit to funding the tram in accordance with the agreement that has been negotiated with the parties. With me is ken rust. I believe you know ken, the city's chief financial officer, and also next to him is mark rosenbaum, a commissioner on the Portland development commission. And I want to note that we also do have a representative of ohsu and north macadam investors in the audience today if you want them to come forward. I don't want to go over and repeat the presentation that was done on march 16, so i'm going to get right to the meat of the issue in terms of funding, but before I do that and before we talk about what's planned, I thought I ought to turn it over to commissioner rosenbaum to reflect what happened at a special meeting of our commission last night to give you some of the discussion that our commission had and some of the testimony they heard.

Mark Rosenbaum, Commissioner, Portland Development Commission: Thank you, bruce. I'm mark rosenbaum, p.d.c. Commissioner, and chair parsons asked that I step forward to talk bits about the deliberations last night in front of p.d.c. In respect to our unanimous vote urging endorsement of the proposal before you. This would be the eighth amendment to the south

April 12, 2006

waterfront development agreement. We took public testimony last night, had perhaps 10 people testify in respect to this issue, almost all of which -- all of which were positive in urging endorsement. We were pleased that the local urban advisory committee had met that morning and voted 7-1 to encourage the endorsement of this proposal and furthermore that the president of the local neighborhood association had also been present and urged support as well. The comments and the questions from p.d.c. Commissioners in respect to the project were varied. I thought i'd talk to you a little bit about some of the areas we looked into. Commissioner blomgren was particularly sensitive to the financing method being used with what you might call more stretching of the city's resources than in the past and funding the urban renewal area, allowing us to commit substantially more dollars earlier to the district than we had thought possible. Doug probed rather specifically with his questions about the advisability of that type of leverage and we all walked away feeling much more secure and hopeful about this approach. And further with the guarantee that the developers have put on the line backing the additional funding of the city to the tune of \$38 million, that guarantee, which is on the books as long as is necessary until the city is paid out is kind of extraordinary insurance in terms of offering this kind of additional leverage. It's pie understanding that we're looking at about -- over \$30 million, \$38 million of additional funding earlier in the u.r.a. Than what had been planned. That's what's going to make the tram possible, what's going to make the housing, parks, other things possible much earlier in this scenario. So we looked at that in some detail. A commissioner asked some questions specifically about control and accountability related to management of the process, and was particularly encouraged by the fact that architectural and engineering are well situated under commissioner Adams' control and there's little doubt who's in control of the project, and further now that there's a guaranteed maximum price on the contract it seems the discussions of cost overruns are behind us, and furthermore the mayor's desire to look into and do an audit of this process to ensure we don't find ourselves here again is very welcome. In addition to looking at the tram and related to that and issues related to that, we addressed other priorities that the council sent in their letter, saying we want a comprehensive package from you, p.d.c., as a potential answer to these problems. As a result you see what's before you, which is not only funding of the tram, but also substantial funding for parks, for greenway, for housing, and to my mind equal to the 200 units of housing which will be constructed under this contract. You also have land, which p.d.c. Will control, which will ensure additional low-income housing units into the future, which I think, of course, is very important. Additionally, there is money for completion of the streetcar through lowell and of particular interest I think to the neighborhood is a \$3 million contingency for future transportation issues, which the neighborhood is concerned may arise as we see higher and higher density in that area of the city. We believe that ohsu's development plans are worthy of support. They are a significant obviously employer for the city. And they're providing excellent living wage jobs. So we're pleased to -- that there's a \$3 million contingency for some joint research and development and biotech expansion in the area so we can really not only create the tram, but leverage some of the economic development opportunities that are going to exist down on the waterfront. I would also add that there were some discussion, so that larger public present would understand that to date, of the \$40 million spent in that urban renewal area, about \$30 million of it has been for infrastructure improvements. That is to create roads and other things, greenway, parks, which are necessary in an area where there has been no development like this before. This has been an infrastructure-heavy initial process, and we're happy to see that come to the end and be able to focus on other issues. We also recognize that some of the funding that comes to p.d.c., some of the requests, both in terms of this u.r.a. And other u.r.a.'s reflect the fact that the city is not the beneficiary of as much property tax revenue and revenue in general as before, and as a result p.d.c. Becomes a fallback for infrastructure that may have, under previous times, have been funded under council budget. And we think it is important that the citizens of Portland recognize the fact that the opportunities that the city had to fund these types of projects with dollars other than t.i.f. Are

April 12, 2006

becoming increasingly rare. We think that's important to point out. Lastly, we also understand as an agency, or at least we all are committed, we have great opportunity in districts like this which we can create substantial increment and growth in increment to create this kind of funding, but also looking for growth in areas that can't create this kind of increment that are looking for economic engines to help drive their development. And p.d.c. Understands that as we look at the extension of the central east side and as we look at the extension of the downtown u.r.a.'s, one of our mandates is going to be, how do we take the growth we create in certain parts of the city and if possible create leverage that we can apply in other areas of the city that need economic development, but that where t.i.f. May not be the most appropriate tool. With that, that gives you a sense of some of the areas that we explored last night. It was a unanimous vote on p.d.c. To endorse this approach. And while I know it's taken a long bit of work for everybody to get to this point, we of course urge your support and follow up with this resolution. Thank you.

Warner: Thank you, mark. I'll move forward now. I think you have your screens on. I'll go through a powerpoint that I have to kind of give you the specific information. Moving on, I think all this slide is meant to do is really just point for everyone that this all started back in august of 2003 with the first -- the development agreement actually being put in place. Today we're actually talking about the eighth amendment to that, that agreement, which will be coming to you in the future for actual ratification. You can see the area that's shaded is what we're talking about, where all this development and the issues are currently going on. This next slide was really just meant to again reiterate what commissioner rosenbaum said, is that on december 2 actually you asked us for a guaranteed funding for those three things -- or four things on the left side there. The tram, the streetcar, affordable housing, parks, and greenway. Excuse me. That's five, isn't it? And I believe that we've done that. And the -- with the package that you before you today, that -- that we've worked on for some time does include these pieces. It does include the funding for the tram through a lump sum contract with the kiewit construction and pdot is here to be able to give you more information on that if you have questions, as mark also mentioned it does provide funding for the acquisition of three to five additional affordable housing sites that have a potential for well over 1,000 affordable housing units. And the construction of the first 200 units by year 2008. It also provides for the design and construction of both the greenway and the new neighborhood park in that area. It has funds for job creation and then as you expected it provides funding for the extension of the streetcar. In terms of the major provisions of this, I think it's important to note that again this -- this package needs to be viewed as just that -- a package, an overall comprehensive list. It contains not only financial commitments, but other obligations and commitments as well. And I know the tram and the tram funding have been the focus of our attention, but I want to say that that this is a package, and it is all interdependent. So the first sets of this agreement go to cash flow, project expenditures, and what we're saying here is essentially we're going to increase the amount and accelerate the projects that we want to do in that area to address the needs. I do want also to also acknowledge that we've heard from stakeholders that we're moving too quickly. Maybe we haven't had as much public involvement. We've tried hazard, but I think it's important to note with the schedule you have before you in terms of dealing with the tram in the next couple weeks, we needed to bring this full package to you now. We will continue to work with -- with our stakeholders on this. The second set of provisions actually have to deal with modifications to financial policies in the city regarding local improvement districts. As part of this, the city will need to agree to reduce citywide -- I want to say that -- it talks about for everyone moving forward, l.i.d. Finance charges would be reduced from 1.25% to .25%. It's called the bump rate. Ken can give you more information on that in a moment but this is a reduction that o.m.f. Has been considering and talking about for the last two years. This would be a benefit to not only the partners in this area, but to all property owners wishing to do l.i.d.'s in the future. This is not public funds. This is essentially like you or i, when we take out a mortgage, we know as the interest rates

April 12, 2006

go down, we can actually afford a higher principal and afford to buy a larger house. In this case we get to fund a little bit more of a tram expense. Secondly the city needs to agree to allow flexible finance options for l.i.d. liabilities under the same ownership, and provided that value can support the l.i.d. Liability under standard underwriting practices. Finally the third set of commitments relate to some of the things we needed to put together to pull this package together. The first of which, I think i've talked with you about is we're trying to incent Oregon health sciences university to invest funds in tax-producing development in that area, in addition -- because most of their development, as you know, is nontax producing. It's off the tax rolls. We're essentially saying, if you can produce tax producing jobs in that area, we'll commit essentially 50% of that increment from those new tax-generating facilities to the garage on block 33, which helps us again get those two towers ready for affordable housing. That was a two-part reason we moved forward on that. And then finally the other big thing, which again ken can also talk about more is north macadam investors has agreed to actually a gap payment obligation of \$34.7 million, most all of the increased tif, which is quite amazing as our commission found out. This slide is really meant to -- i'm going to cut it four ways for you. This slide is meant to show you first off the new financing, the new funds going into the south waterfront area. And then I will talk about how many t.i.f. Dollars are coming in under this proposal in a little bit more detail. I'll give you a schedule on how the monies will be spent in the next five years, and zero in on the tram funding. This table is meant to show you that in all of these areas, there are multiple sources of funding to deal with the needs. For example, if you look at this, you can see that Portland parks bureau has agreed to invest \$2 million into the greenway design and development. The Portland department of transportation has agreed to invest \$3.1 in the streetcar. P.d.c. Is putting \$5 million into the tram, \$4 million into neighborhood parks improvement, \$4 million on the greenway, 18.7 million into land acquisition, and initial development for affordable housing. And \$3.5 million for job creation and \$3 million for transportation contingencies. It also identifies that ohsu is going to invest an additional \$9.5 million in the tram. And NMI will invest an additional \$2.5 million on the tram. So that, together is \$55.3 million worth of new investment going into that neighborhood. If you look at the -- at the proposed tax increment financing funding, this -- this slide is just meant to show you the current funding in that area. You can see for affordable housing, all the other things I discussed, the total is about \$23 million. And the new tax increment financing proposed in this agreement would raise an additional \$38.2 million that commissioner rosenbaum was talking about for a total funding through t.i.f. Of \$61.7 million for those various needs. We've almost tripled the amount of money, of t.i.f., going into those various components in that area. This is a slide that's just, again, meant to show you that for every one of those components, from the tram down to parks and affordable housing, you can see that we actually have a plan for the year of expenditures. You can see that on this, the majority of the dollars are spent in the first three fiscal years, starting this next july. And so we hope to get that money out there producing these products, and again getting built as quickly as possible to avoid inflation impacts and additional costs. And then I think most importantly for you I think is the tram itself. This is meant to give you a depiction of the \$40 million tram package, which shows how the funding was allocated there. The new funding that we described in the previous two slides. And then the final that brings us up to that \$57 million lump sum contract for the tram construction. And you can see that ohsu has provided an additional \$9.5 million. North macadam investors have provided an additional \$2.5 million. And the tax increment financing, the city's public contribution is \$5 million. I do want to note in the 5.8 million shown in the current funding for the southwest -- south waterfront property owners, \$1.3 million of that \$5.8 is also attributed to north macadam investors. So their contribution is closer \$3.8 million for the tram total.

Potter: Bruce, before you go on, you might want to explain TIF And where that money comes from and how it's to be spent.

April 12, 2006

Warner: Thank you, mr. Mayor. Tax increment financing is a term that's used when you talk about urban renewal in Oregon where essentially, in this area, when the urban renewal district was created, the property tax base, the value in that district was frozen. So any increases in value as a result of new growth are essentially captured and allowed to be collected so that we can -- we can essentially sell bonds through the city to support the various programs that are here. If your question is, the tax increment financing, or essentially the new taxes as a result of new development in that area, are essentially paying for the infrastructure that you see on these charts.

Potter: It's not coming from other areas of the city, it's generated specifically from that district?

Warner: That is correct, mayor. I'm sorry.

Potter: Thank you.

Warner: This is meant to show the overall breakdown on a pie chart. I like graphics. I think the important thing from this graphic is for you to see, if you look at the t.i.f., it's 15% of the \$57 million. And this was by design. One of the things that we looked at is who's going to be utilizing this tram. We believe about 85% of the rides are going to be by people who work -- who live or are visiting facilities in that area. 15% will be the general public. That's how that 15% was derived, operating costs and also in terms of the capital. Real quickly, i'm going to just go through, again, all of the issues in summary. Affordable housing, I think you can see there's a total of 25.7 million for acquiring the sites shown on the slide here. And importantly building 200 units by 2008. In terms of the greenway, the additional \$4 million will essentially allow that greenway in that central district to be entirely built and improved to the city council adopted master plan. In terms of the neighborhood park, the additional \$4 million will complete the design and construction of the vital improvements by 2009. The demolition of those buildings down there are going to start shortly and initial park improvements will be available by june 30 of this year. I'm talking to commissioner Saltzman about maybe getting on a bulldozer and helping us take down a couple buildings down there and helping us get this park under way. In terms of bioscience, jobs, I think it's important to note that the \$8.5 million total there, \$5 million is going into the ohsu research facility now under construction. And then the additional \$3.5 million will be going again for ways to essentially recruit jobs in the bioscience industry into that area. Finally also to help us provide improvements to buildings that will -- improvements to buildings that will allow the folks who have the facilities to do their work. In terms of the streetcar, this funding plan will provide that the contract can be executed by august of this year, and completed by 2008. And then finally, the tram, the \$57 million with the new \$17 million addition, completes the tram by december of this year. And parties will agree to a new oversight structure that commissioner Adams is working on to help guide this from here on. And obviously one of the big things we're talking about as a result will eliminate the financial risk, mayor, as you pointed out in your opening comments. I couldn't -- I couldn't go without showing you a picture. I think this picture is 1967, of what the south waterfront looked like. That's the ross island bridge right there in the foreground. This is what it looked like in 2004, the picture that's -- a guy gave us this picture in 2006. This is a picture of what you see today. And I think we're pretty bullish on the south waterfront area. I think that if you read the business section of "the Oregonian" today, you'll note there's a lot of people making considerable investments in this area, and that's one of the reasons we feel fairly good about the financing plan that we're bringing forward. With that, mr. Mayor, unless you have further questions from me, i'd like to turn it over to ken rust to quickly run through the needs and desires that are necessary on the l.i.d. And the funding.

Potter: We'll go ahead and proceed with that. Then the council can ask questions following ken's statement.

Ken Rust, Chief Financial Officer: Thanks, bruce. For the record, my name is ken rust, the chief financial officer for the city. Mr. Mayor, members of the council, I just want to highlight a couple of elements that are going to be included in the proposed amendment eight to the development

April 12, 2006

agreement that are really integral to the agreement that we're working on. As Bruce mentioned, one of the elements is the -- what we call the bump rate on local improvement district assessment contract financing. We've had some discussions with council about this. This is an issue that we've been considering doing something different with for a while. Essentially this is an outgrowth of a study of the l.i.d. Fund that was conducted by the city back in 1989 and a determination that in addition to the interest rate that we realized we sell bonds to finance assessment contracts and local improvement districts, that the city does bear delinquency, foreclosure, negative arbitrage risks that we need to insure ourselves against, and this bump rate is added to the bond rate that forms the rate that property owners pay when they sign an assessment contract with the city. Through a lot of good fortune, good management, the fact we were able to refinance bonds as interest rates have dropped over the last five or six years, that l.i.d. Reserve fund now has a very healthy balance. And we believe that the bump rate of 125 basis points, 1.25% is too high, no longer necessary at that level to protect the city's financial interests. We had considered reducing the rate and creating a differential rate between public properties and private property owners because of a different credit risk, but frankly at this point in time we believe that the health of the fund suggests we should lower that rate for all property owners in all l.i.d.'s throughout the entire city to a rate of 1/4 of 1% above the bond rate. The recommendation that is included in -- that we would be making to you is to do that when we pass the next assessment contracts that we would be financing, but it's integral to this particular agreement. That's the background on that particular item. Another thing that we've been working with the developers on is the need for some additional flexibility in the way we finance l.i.d. Assessments, to be able to reallocate or trans l.i.d. Assessments to a particular parcel of property. We think we can do this and establish credit terms consistent with what we would realize through the assessment process itself and have worked with the San Antonio's office on how we would do that. We believe we can develop a program that meets our needs, protects our interests, and allows that flexibility in the particular South Waterfront area. Lastly I want to talk about the g.a.p. Payment obligation. This is a unique piece that we have that was actually negotiated with the first development agreement back in 2003. And as you look back on those pictures, back in 2003, there were no developments under way in the South Waterfront area. We were concerned about the financial risks, and we negotiated a deal with the developers that they would be responsible for making payments to the city in the event that development did not occur such that those payments would be the equivalent of the public investment that we were making at that time. That was about \$30.8 million of initial gap payment obligation. Since that time we've seen a lot of development. Looks like we'll never have to exercise that gap payment obligation from the developers, and that's really good news. The next phase of this development requires them, NMI, to provide an additional gap payment obligation of \$34.7 million. Again, we think that's important. It protects the city in the event that development for some reason slows down. Based on current projections of the development under way we believe that the gap payment obligation will be satisfied by about the year 2011 or 2012. By that time, they should have completed five or so projects and produced real market value for the tax rolls of over \$700 million. So we think that's very important additional element of the amendment eight that we're working on with p.d.c.

Potter: Is there other testimony you wish to present?

Rust: No, sir.

Potter: Ok. Questions from council?

Leonard: I do have a question for Ken before he leaves.

Potter: Go ahead.

Leonard: Ken can you hear me, ok?

Rust: Yes, I can.

Leonard: Ken, you said there was a study in 1989 relative to the 1.25% that's added to l.i.d.'s. Do you characterize that 1.25 as interest or surcharge? How is that characterized?

April 12, 2006

Rust: We have a very technical term called the bump rate. But in the 1989 study, it was really designed -- I view it more as sort of mortgage insurance, that we basically charged a property owner to protect the city from the potential of delinquency, foreclosure risk, the fact that if we get a prepayment, and that money sits in our interest fund until we can call the bonds, and we're paying an interest rate on the bonds of 7%, only making 5%, this negative arbitrage is a cost we have to make up somehow, that what that bump rate is designed to do, commissioner, is to make sure that the city is held harmless and made whole from those kinds of things that we've experienced in the l.i.d. Fund over the years.

Leonard: I understand that, but the point i'm going to try to get to is you are it sounds like relying on recommendations made in 1989 to reduce the mortgage insurance rate from 1.25% to .25%. During that time we've had an entire mid county sewer project, countless street improvement l.i.d.'s, sidewalk improvement, yet it is only now when ohsu is using the l.i.d. Money that we drop the rate. What took 17 years?

Rust: Well, I would characterize that we've been looking at dropping this rate for quite a period of time. Just hasn't been -- come to council for action. We were actually going to make it as part of the change in the city's overall comprehensive financial management policies, of which this is a piece of that. Those have been in draft form, been working on that, unfortunately, for a couple of years. It looks like it's coincidental timing. It's only materialized in substantial amounts lately as we've gone through a significant wave of refinancing of bonds outstanding. Up to that point the balance in that fund didn't appear to be more than what was really prudently necessary, but since we've been able to take advantage of a period of low interest rates that's changed the picture for us.

Leonard: So the balance, then, is primarily due to the economics of interest rates being lower during the current business cycle?

Rust: That's given rise to the growth in the balance beyond what it was before we did the refinancings, yes.

Leonard: How prudent is it for us to change the mortgage rate knowing that the economy swings and mortgage rates certainly will increase? Are we not setting ourself up then to have a deficit potentially in that fund?

Rust: What we're proposing, commissioner, is that given the health of the fund -- we're going to make sure there's a sufficient amount of fund -- of monies in the reserve fund -- that given our experience with the l.i.d. Program over the last 15 years, we're not -- we will still charge them whatever the bond rates are that we realize when we sell bonds to finance those assessment contract, they will pay that, plus this lower bump rate, that that along with the reserves we have already established really allows us to first take out nonperforming properties before we ever finance their contracts. That's something that back in 1989 we did not have the financial resources to do. So we'd end up financing assessment contracts where people really weren't paying from the very start. That obviously creates a payment mismatch from the beginning point. Now with reserves and that fund having been built up over time, we can segregate some of those nonperforming loans and not -- not finance against them. That's one of the reasons why we believe it's prudent now for us to reduce that rate for all property owners, because we really do have the financial wherewithal to run it at a lower rate, but still be very careful and prudent about our ability to maintain that going forward.

Leonard: Thank you, ken. To the rest of the council in the main discussion, I have a concern about lowering the interest rate, because as most of you know, especially commissioner Adams, we have about a \$5 million balance in that fund now. That \$5 million we are discussing not how to spend, but where to spend in infrastructure improvements, and it sounds like commissioner Adams is focused where I would be, and that is on those projects -- capital projects that are related to his bureau's transportation and b.e.s., in other words paving streets, upgrades to our stormwater system.

April 12, 2006

I think it's a mistake, to eliminate, reduce the percentage on this fund, because in an era such as we are in now, where interest rates are good, I think it doesn't hurt for us to have surplus funds to do some really significant capital improvement projects. We have streets that aren't paved in various parts of Portland. We have areas that could use some of the projects that commissioner Adams is working on for stormwater discharge. This feels a little bit like the kicker to me that i've had in the legislature, of sending money back and reducing fees at a time when we have a lot of projects that demand our attention and we'd like the resources to deal with them.

Rust: One additional comment, commissioner, we currently have in the l.i.d. reserve fund, a little more than \$12 million in that account. We believe we need to maintain at least \$7 million in that reserve fund. With that, and the lower bump rate, we'd be more than adequate to maintain going forward the reserve fund at a healthy level, make sure that bond payments get made, and --

Leonard: I said we had \$5 million surplus to spend, right?

Rust: That's right. The way it was characterized, I thought you said we had \$5 million in the fund. We have \$5 million in excess of beyond what we believe is reasonable.

Leonard: That can go into capital improvement projects.

Potter: Commissioner Leonard. We have some folks on the council who want to ask a couple of questions. If you want ask your questions, will you raise your hand?

Leonard: Yes, I will. [laughter]

Adams: I have a couple of questions for various members of the panel. On the portion of the agreement, preagreement that m&i would be the developer of block 49.

*****: 49.

Adams: Talk to me how you can assure us and the public that given that's part of the agreement, and the certainty that comes for the developer with that element in the agreement, how you make sure that we get a development agreement with them for the development of that block, block 49, that's in the best interest of the city, that's balanced, fair, for all the parties.

Warner: Mayor, commissioner, that's a very good question. First off, I want to state what I would say this agreement is saying. First off, they are this chosen developer to do this project. I would point out that previously they had that same agreement for block 33, but they relinquished that as part of this agreement, and transferred that to block 49. Your main question is, how do we assure we're getting a good deal if we don't have competition. What I point is just selecting a developer, agreeing to the developer, doesn't bind us to coming up with an agreement not in the public interest.

What we will be doing is negotiating very aggressively with the developer. We have models, we know what it costs. We've built a number of apartments and projects with many partners. The sitka apartment in northwest Portland is one of the ones that has been identified as the model. We essentially will be doing that work. Obviously there's a great deal of interest in terms of the agreement. It will be open, transparent, and everybody will have a chance to see the agreement. So we won't go forward with it if it's not a good investment for the public. And it makes sense for the public, if i'm being responsive to your question.

Adams: Do you have a fun?

Sten: Bruce, why is this project in the interest of the public's interest? I understand that north macadam is responsible for building affordable housing, we're buying the land from them at a very big profit for them, giving them the right to develop it. Why wouldn't we hold them to develop it?

Warner: First off, what I would say, commissioner, in terms of response, is this is obviously a negotiated agreement that has a number of issues, where we gave some, they gave some, and we tried to come up with something that was workable for all. What I would say first off is we did look at the price of the land, and I have not looked at the prices, what they actually acquired it for versus what we're acquiring it for here, but we did do due diligence and did look at appraisals of the property, and believe this property, based on what's been sold in the area, is actually a good deal for the public. In addition to that, something you don't -- maybe it's lost in this agreement, is the

April 12, 2006

developers also agree to pay fully for the construction of the commercial portions of this -- of this development, which is the ground floor retail, which, again, is a major -- a major investment to essentially help move that along. Obviously the risk that goes along with that, with that commercial part of it, will be theirs. This allows us to hit the ground running with the developer to get that project moving as quickly as possible rather than going through another competitive process to select a developer when we believe the n.m.i. Is a quality developer, knows what they're doing, and we can count on them to deliver.

Sten: It's a substantial profit in a short period of time, and it seems like you either buy the land at today's fair price and we control the land. When you bid out development, you get better projects. I mean, you have people compete to do the project. You get cheaper prices. I mean, it's part of what we're in the mess of right now, in the tram situation. So we've paid a premium for the land and given away the opportunity to have a competitive process to develop the housing. It seems to me you've got to have one or the other. I don't get the argument, you make money on the land, get a sole right to develop it. I just can't see that. I know somebody knows what the land costs, because die.

Adams: I have a couple other questions, unless you wanted to respond to commissioner Sten. My bigger question is out and about in the city, a common sort of -- there are a series of questions or collection of questions that i'm going to try to summarize into one and give you an opportunity to respond. How do we know, in these kind of situations, where we're redeveloping a neighborhood, where it's a public/private partnership, where there is an expectation that our private partners would achieve a reasonable return for the capital that they're risking and bringing to the table, but the public wants to make sure that -- that our private partners don't make an excessive profit. How do you as the development commission, sort of the thin edge of the wedge, the frontlines of this discussion, how do you ensure that we have the kind of private partnership that comes to the table, makes the kind of reasonable returns that keeps them at the table, keeps them coming back, but don't make an excessive profit given the public's participation in these kind of district development efforts.

Warner: Good question. We do a lot of work. Up, when people are selected as our partners, as I believe you know, we get to know each other very, very well in terms of the finances, cost basis, you know, what the investments are, and we try to essentially make sure that those negotiations are very open and honest. Rate of return is also an issue we're looking at in terms of the development agreements. I guarantee you our commissioners are asking us that question on every development proposal that comes their way. What I would say is there's a number of checks, number of reviews. Ultimately our commission is -- are the people that look at those business arrangements and ask those very same questions that you're asking. Again, we're trying to be exceedingly open and transparent in everything we do, so anybody who wants to see any of the agreements, the components of the agreements, can actually look and see what the financial arrangements are and where the rates of return are for the various interests. And we should expect that when we're putting our public dollars in.

Adams: Ken rust, this is unusual based on my experience, and the degree to which we are accelerating sort of the front-loading, and i've pushed for this, so i'm supportive of this, and happy with the guarantee that has made it possible from the private developer, but rate the risk for us in this overall arrangement and how have we -- i'm sure you'll mention the guarantee. How have we tried to ameliorate that risk, and in the end why do you green light this package? -- interstate, we issued \$30 million to make the match on interstate max before there was a single dollar of increment being created. Five years later, we took those -- that obligation out, just as we planned, and now have the ability to recycle that line of credit capacity to do other things. The concept that we've been trying to do is we have to lean forward to bring projects out of the ground, and try to recycle the capacity and then use it again. So where we're at right now is that we're sort of in a

April 12, 2006

position where we haven't completed the unwinding of the first phase, but we can see the projects that are going to give rise to that. And now we're going to accelerate further and again be willing to take that risk. And what we're really looking at now is what's going to happen between this point in time and 2012. Clearly one of the risks in this area, that's perhaps unique in the urban renewal district, is that we really rely primarily on one development type, and that's market rate condominiums. It's been a very good market up to this point. We're hoping that it continues that way. The developers feel pretty strongly that there's more capacity and more ability to develop that product and to sell it successfully at prices that are sufficient to recover their costs and produce the increment that we need. With that in mind, with the gap payment obligation to help us weather any storm that might show up between now and 2012, we know that there are other projects that are on the books, being prepared now that will be started soon. I feel comfortable based on where we're at at this point in with the project and what we're willing to do, that while it is risky, while we've done the best job we can to insulate against that risk, and using a model we're using in every other urban renewal district. This one is unique because we're accelerating is more quickly, but have development under way that we can point to that gives us some feeling that we will be successful. With the gap payment obligation, which we have in no other urban renewal district really does protect us in ways that we don't have elsewhere.

Adams: Thank you. Thank you, mr. Mayor.

Potter: Other questions from the council? Commissioner Leonard, did you have a fun question?

Leonard: I did not, mayor.

Potter: Commissioners? Thank you. Sue, we may have a sign-up list.

Moore: Yes, a little sign-up list. If you'll come up three at a time.

Potter: Thank you folks for being here. When you speak here, please state your name and you each have three minutes.

John Mohlis: Good afternoon, mayor, commissioners i'm the executive secretary treasure of the construction trades council. Our council is an umbrella organization that represents approximately 20,000 union building trades workers in northwest Oregon and southwest Washington. Our council strongly supports the resolution -- passing the resolutions that would allow this project to be completed. We also know this has been a difficult process, but this is a signature project, and i'm sure that in years to come Portland and the tram will have a positive i.d. For folks much as seattle and the space needle do up north i'm sure there's been other public signature projects in the past that have been controversial as well. Ouren council is one partner in the south waterfront Portland apprenticeship agreement, and i'd like jim o'connor to speak to that briefly.

Jim O'Connor: I'm a lawyer that's worked with john, the partnership programs, p.d.c., and the developers to begin an initiative that's way below the radar screen of the tram and way down on the dirt and muck that's -- that is the south waterfront project. And there these parties have come together, parties that don't normally get in the same room together and develop something called a project apprentice agreement, where p.d.c., the developers, and apprenticeship programs have joined forces to develop a program that we believe will create hundreds of living wage jobs. What's really noteworthy about those they'll go to folks who are generally underserved by public development in this area. That's women and minorities. We hope that the project apprenticeship agreement, par of the south waterfront effort, will be a catalyst for expanding the potential pie and sharing more fairly with folks who are often left out of the benefits of major projects such as this. The pearl district is great to look at, and the million dollar condos are great for those who can afford them, but the construction jobs really can make a difference in the lives of citizens of our city who don't always benefit as much as others. The value of diversifying the work force and bringing more women and minority members of our community into that he is family wage jobs won't show up on any bottom line that you get to look at today, but will show up in the homes of deserving citizens of this community as they gain family wage jobs, healthcare, and pension benefits. We ask you to

April 12, 2006

please remember this and consider this as you decide whether to make this amazing endeavor possible as a not very well-known sidelight to the south waterfront effort.

Mohlis: Could I say a couple words in closing? One point i'd like to make is that about three years ago when this -- when the original development agreement was signed, unemployment in the building trades, and it varied from craft to craft, but it was anywhere from 10 to 30%. It was very difficult times. And this is one of the main projects that has spurred the remarkable turnaround that we've seen. Most of our unions are at full employment now, or very, very close to it. And so this -- this project has been a tremendous boost to the building trades. It's been a tremendous boost to the Portland economy. And I believe it will be a tremendous boost both to the trades and to the economy in this area for many, many years to come. And so I thank you for the opportunity to testify in favor of the project. Thank you.

Ed Thompson: Members of the council, for the record my name is ed thompson. I'm here today to urge to you vote yes for amendment eight. I'd like to thank those of you who have taken a leadership role already, in stating to the public you intend to support this. I really believe in the south waterfront and all the benefits it brings to all the parties involved. Obviously we know the tram is the linchpin of that. I make these statements in support from two perspectives. The first is this july my wife and I will become new owners of one of the condos down in south waterfront and at that time become new members of the new vibrant section of the city, adding to the reputation and draw of the city. And next we'll be -- begin to pay taxes. So we along with hundreds of others will be paying those taxes. We've already heard here today, right, those taxes will go to pay for this development and some areas down the road begin to find its way into the general coffers of the city. My second perspective is that i'm the dean of the ohsu school of science and engineering, and at the end of this calendar here our new biomedical engineering department will be moving to the 13th floor of ohsu's first building on the south waterfront. As you may have read in the newspaper here recently, our plans, ohsu's plans, are to try to move the rest of o.g.i. From hillsboro down to the new schnitzer campus within the next seven years. So our scientists and engineers will be collaborating with the other scientists and physicians of ohsu to add to the critical mass of research and graduate education in this new business sector of bioscience, which I think is really going to contribute to the economy, of not only the state, but to the city of Portland in the future. For these reasons, I encourage you to vote yes on the amendment. Thank you.

Saltzman: I wanted to ask john a question. Do you have an idea of how many construction jobs will be created by the first phase of south waterfront redevelopment?

Mohlis: I was talking to one hoffman construction superintendent at the open house that was hosted at p.s.u. By the mayor and commissioner Adams, and I believe that he told me, for the two projects that are up on the hill, that are nearing completion, it's been somewhere around 450 construction jobs for two years. And that doesn't take into account the ones that ohsu and the condo towers down below. And i'm sure it's similar numbers like that.

Saltzman: So 450 for the two projects on marquam hill, and then obviously more with --

Mohlis: Keep going every year at that rate, yes.

Saltzman: Great.

Mohlis: As apprentices journey out, we'll be able to bring more apprentices into the program.

Saltzman: Great. Thanks.

Potter: Thank you very much. Thank you for being here, folks. When you speak, please state your name. You each have three minutes.

Nick Fish: Mr. Mayor, my name is nick fish. I'm a recovering candidate.

Adams: You know, you look familiar, but I can't place. What did you run for?

Fish: The last time I had the pleasure of your company and commissioner Adams' company I believe was candidates gone wild.

Adams: I'd rather forget about that.

April 12, 2006

Fish: This is a more dignified setting. I'm here to speak to the affordable housing component of the proposal before you. I was the former vice-chair of the housing authority of Portland and have spent of the years that I've lived in Portland working on affordable housing issues. Mr. Mayor, the \$18.7 million in additional commitment to affordable housing in this proposal I think is important. I'm not here to settle the debate about the tram. Someone said to me reasonable, did I have any regret about losing my race. I said, no, I'm spending my weekends watching my daughter play soccer and Sam's got the tram problem to sell. But there's an important piece of this proposal around affordable housing. I want to -- I want to first set the context. Commissioner Leonard, who's not here, but is here in voice, went to Grant High School. When he went to Grant, you could buy a bungalow in the surrounding neighborhood for about \$25,000 to \$30,000. Today that bungalow is selling for \$400,000 to \$450,000. There are houses on Knot Street selling for \$500,000. There's a house in my neighborhood, Grant Park, for sale for \$750,000. We're at risk of pushing families out of the school. And if housing isn't a big enough problem, we have serious questions about school funding and about our job base. This is a very important challenge. How do we address this problem? We're experiencing cutbacks at the federal level. That will not change until we have a new administration. You have a tight budget. And you have difficult choices to make. So this past year Commissioner Saltzman and Adams put together -- excuse me -- yeah, Commissioner Adams and Saltzman put together some one year -- for housing dollars. That can't go on. That was bridge financing. We have to be creative and look for additional sources of money to do affordable housing. When I was a candidate, I learned from the housing activists that there's an enormous untapped potential through using tax increment financing money to leverage affordable housing, which in turn leverages good jobs in the construction phase and enhances our economy. In fact, the community development network has done excellent work in showing that link. In California, Mayor, may I have 30 seconds of additional time?

Potter: No. We've got a lot of folks who want to testify.

Fish: Let me simply conclude that I would urge the council working with P.D.C. to work on a goal of 20% to 25% of T.I.F. money in appropriate areas for affordable housing. I believe this piece of the package deserves our support, the additional monies for affordable housing. I leave to you the collective wisdom on the overall package. Thank you.

Potter: Good timing, Nick. You haven't lost it.

Mike Anderson: Hello, Mayor, members of the council. I come before you today with a mix of frustration and disappointment. The affordable housing package in this deal, whereas -- is part of the whole deal, the need for the tram, which I understand, the excellent benefits that come with job opportunities for the construction industry are excellent. However, in "the Oregonian" today it mentioned that housing advocates were excited about this particular deal. I have not seen or heard any housing advocates who have expressed that. It's very difficult with this deal coming out in such short time to understand all of it, but let me tell you where my initial concerns are. Whereas the overall housing targets in South Waterfront have improved, we're disappointed with a lot of the specifics of the deal as we understand them. For \$18.5 million we're not getting much housing, particularly at the lowest income. Focusing on Block 49 for a moment, \$5 million goes to N.M.I. to buy the land. We pay \$6.7 million to clean up this lot that would have had to be cleaned up anyways. That's \$11.7 we put in. Then we return it to N.M.I. As the sole owner and developer who now will do 200 units instead of the 275 that they were obligated to do that. That's \$11.7 million to do 75 less units. I don't think that's a good deal. Simply stated, I feel that P.D.C. is taking money from M.N.I. with one hand and giving it back with the other, and they're using affordable housing, the affordable housing program as a vehicle under which this transaction is taking place. And I definitely understand that we need to make this tram work. That's not at all what my issue is. But my issue is we should not cloak it under the veil of affordable housing. I know you on the council, the priority that you see housing is, especially meeting those in the greatest needs. And I

April 12, 2006

guess I see this as a pattern that we've had throughout this urban renewal district. You know the original goal was that we would meet the citywide profile. Then we had slide back to that and three years ago there was a lot of work and advocacy to get to us adjusted agreement that would in the second phase of development catch up to that goal. Then we had a back slide when \$3 million was taken out of the affordable housing budget for a parking garage in the first time to try to let ohsu try to put more money into the tram. Now we have this piece. To me this process illustrates the need for more systemic reform. I'm going to do one better than my friend nick and say that I think we need a 30% set aside for urban renewal. I think think we need it in all districts in the city. When housing has to be on a level playing field with big development interests, the affordable housing for seniors, for people with disabilities, for working families earning low wages, simply gets the short drift. Thank you very much for your time.

Clyde Doctor: Good afternoon. My name is clyde doctor, representing the affordable housing advocacy group of the city club of Portland. The good news is I didn't have time to prepare a written statement, because this came up so fast, and that means i'm going to be brief. I'd like to talk about the definition of affordable housing. When p.d.c. Talks about affordable housing, they're generally talking about housing for people who could afford to buy housing elsewhere in the city, but whom they want to live in this particular district, whereas when housing advocates and in fact the city talks about affordable housing, they're talking about housing for people who can't afford to live anywhere in the city. It's not p.d.c.'s fault that they cannot provide meaningful, affordable housing. It's inherent in the way urban renewal works. If the city wants its development agency to provide meaningful affordable housing, you are going to have to change the way urban renewal works. I'll take a hint from my partners here and suggest that one way to do that would be to mandate a set aside of t.i.f. Funds specifically for low-income affordable housing. Thank you.

Potter: Thank you, folks.

Doctor: Thank you, mayor.

Potter: Thank you for being here. When you speak, please state your name. Barbara, we'll start with you.

Barbara Walker: All right. My name is barbara walker, 1891 southwest hawthorne terrace, 97201. I believe we should all be grateful to those who have appeared to have found a solution to the funding grant for the tram. As the cost of the tram has soared, it's easy to forecast why the tram is so important to the city the south waterfront urban renewal district has created to transform a mostly abandoned, polluted, landlocked industrial site, entirely lacking in infrastructure into a new neighborhood. It had location, location, location, but precious little else. The district needed a stable, high-quality, commanding presence to jump-start development, just up the hill, without room to grow, with complete campus access, ohsu was seriously considering having to move to the land it owns in Washington county we've gone through that with columbia sportswear. The city did a transportation study. Hence the tram. The tram became the linchpin, my phrase as well as ed thompson's, who I don't know, needed to bring about and attract the private sector investment. Ohsu is the city's largest employer. Instead of the city losing its 10,000 jobs, the southwest waterfront district should be able now to add 10,000 jobs in Portland. Instead of losing ohsu, we gained o.g.i., the schnitzer land development -- land donation, and linked to them at p.s.u. And the ability now to leverage economic development on those lands. If the city had backed out of its legal responsibility, it would have wasted more than three times what it cost to solve the problem. The parties -- all the parties who became parties to look for constructive solutions, and were willing to up their own antes should be applauded. Construction problem-solving is I believe the Portland way. Thanks to those of you who stepped forward.

Anton Vetterlein: Good afternoon, mayor and commissioners. My name is antone vetterline, president of the homestead home association, and a member in the past of the tram citizen advisory committee and marquam hill plan and other various groups or committees. I've been a qualified or

April 12, 2006

conditional supporter of ohsu expansion and south waterfront development, and even the tram. But I wanted to just emphasize one point today, is that this tram deal is obviously one part of the larger south waterfront development agreement. That's obviously what you're voting on soon to amend. And I don't think we've really heard too much today about how this affects the -- the overall picture of the south waterfront development agreement. You know, i'd kind of like to see the big picture, and know what the bottom line is. And the -- the development commission hadn't provided any information about what that -- what this latest amendment brings the total for the development agreement to. So I took the liberty of putting together this little hasty pie chart for you which shows that obviously our -- our public financing is going up from 57% of the total development agreement to 64% with the new funds, \$43.3 million of that are public funds, and \$12 million of that are private funds. And, you know, i'm not someone who's schooled in the high finance of property development, and so i'm sort of struggling to understand how this represents a good deal for the city. I certainly support the goals of -- of developing the greenway sooner and building more affordable housing, even getting the tram built. But i'm not clear on what the tradeoffs are in terms of accelerating the t.i.f. Investment or taking it out several more years. You know, what are the tradeoffs that we're -- that we're doing to do this? That's a question that hasn't been answered in my mind. I just bring this up, because I think there's too much focus on just, you know, the city paying 15% of the tram cost itself, where what we're really talking about is a development agreement that the public investment is well over -- close to 2/3 of the -- one other thing I wanted to bring up, there's been some talk at b odot about taking the tram out of the tri-met fare system and charging a separate fare for the tram that would not be, to my knowledge, from what i've heard, wouldn't be part of a transit pass with tri-met. And I hope we can nip that in the bud. Certainly for the city's investment of 15%, whatever it ends up being, the city's citizens should have just as much right to use the tram without paying an extra fare.

Adams: A couple of follow-up questions, antoine. Are you considering ohsu's contribution as public?

Vetterlein: No. As private. That's the way it's been shown in the -- in the development agreement.

Adams: And conversations having with pdot around fares, is that it would be included as part of the tri-met system, however we might be looking at differential fares for tourists on the weekends. So we are looking at that.

Vetterlein: As a person who lives in the neighborhood, i'd like to be able to use the tram like i'd use a bus.

Adams: You will. Again, we're just considering on maybe saturdays or sundays that we might have a different fare, but otherwise it would be part of the tri-met system is what we're talking about now.

Vetterlein: I just want to make sure we get our money's worth as citizens. Thank you.

Amanda Fritz: I'm amanda fritz. I'm required to read this by my employer. Although i'm employed at Oregon health sciences university i'm not representing ohsu, its board or any of its employees, or their position on this issue. I'm here representing my own views as a private citizen. I'm here to point out three process problems and then address the issue. The first is that the four men on the council working at the council four years ago had listened to the planning commission and the citizens on this issue, perhaps we wouldn't be looking at spending \$57 million on the tram at all. If the planning commission recommended a full additional public process to look at the costs and benefits and weren't heard. Secondly, the announcement of the decision last week before the public hearing greatly disturbs me. Who had access to those making the decisions before the public hearing? I'd like to know that. The hearing at Portland development commission was last night, and there hasn't been enough time for the public to look over the new agreement and to review the information. So for the average citizen, it appears that Portland development commission has

April 12, 2006

magically found a pot of \$38.2 million in new tax increment financing. Congratulations on finding more money. I hope you can find more money in the central east side industrial district and gateway urban renewal area because the folks there would like more for their improvements, too. Allocation of the new \$38.2 million is the question on the table today. My suggestion is there's not enough money for the greenway in the allocation. There was previously no money for the greenway, and now only \$4 million. The total cost of the greenway improvements will be \$35 million. We don't know how we're going to pay for those. To me the greenway is the primary public improvement in the south waterfront district. That's going to get the most use. It fits in Portland's walking, biking, enjoying the outdoors, and include a lot of money for habitat restoration to help restore the willamette. I would like to know with why we're not funding the greenway with more of this magic money. What is your plan for funding the greenway? I also support the testimony in regard to affordable housing. I'd like to know what is your plan for providing the amount and the level of affordable housing promised in the north macadam plan?

Potter: Thank you, folks. Thank you folks for being here. When you speak, please state your name. You each have three minutes.

Jim Davis: My name is jim davis. I'm here on behalf of the corbett-lair hill terwilliger association, speaking for the chairman. I'll try to be brief. I've given out some things to this commission, not so much to pat myself on the back, but to remind the commission that most neighborhood land use chairs are self-taught amateurs when it comes to land use issues I would hope that you remember that. And also, when neighborhood people come to talk to you, we are amateurs, but remember noah's arc was built by amateurs and the titanic was built by professionals. For those commissioners who are voting for payment, they should take comfort in the fact that they have been presented with a force major by ohsu. For those voting against this payment, they should take comfort in the knowledge that ohsu contrived the situation by building a new building on a hill in the exact spot that the tram would be landing. They're coming here today to ask for more money, not unlike the child who murders his parents and asks for mercy because he's an orphan. I expect in the near future ohsu will be back here, asking for more money for funding operations and maintenance. Remember, this is a one-of-a-kind thing. There's nothing else in the world. So any part is going to cost probably double-double what a normal tram part would cost, and probably six to eight weeks to build as well. The figures they're using are probably about as magical as anything you'll find in a harry Potter. My dad went into the woods when he was 14 years of age as a teamster. In the summertime, he was a cruiser, figuring out how many board feet there was in a stand of timber. He was a plain spoken man with an eighth grade education. Now, if he were here today and you were to ask him his opinion, he'd be a little shy at first and then he'd kind of look at you guys in the eyes and say, "boys, you've been shoed, screw youked and tattooed," and he'd be right, because ohsu will be a constant drain on Portland's purse for the foreseeable future. Thank you.

Jerry Auvil: Greetings. I'm jerry auvil. Greetings, mayor Potter and the commissioners. I'm a carpenter representative of the carpenters union, and we're very pleased with the partners' vision and goals for this south waterfront development that ties the ohsu to the south waterfront development. There are -- the vision of creating family wage jobs, apprenticeship opportunities, diversity goals on those projects, and in this amendment including low-income and low affordable housing, I think is to be commended. We are in full support of the amendment and urge you to vote yes. Thank you.

Lenny Anderson: Your honor and commissioners, my name is lenny anderson. I live in northeast Portland. I want to first thank mr. Mayor, you and commissioner Adams, for your hard work to put this -- make this deal work. And commissioner Saltzman, I was very pleased when you stepped up to make this a 3-2 vote, and commissioner Sten i'm hoping you'll swallow hard and make this a 4-1 vote, unless I can talk mr. Leonard into changing his mind. I gave you a written thing. I'm not

April 12, 2006

much for reading, but I took the number eight bus up there last week after visiting my father at his place, and I walked across the skybridge. I urge everyone in the room to do that. I don't know. I was very impressed with how we can see the community that we are. And there's a wow factor that as a hometown boy I'm excited about. I think it's going to be a signature project. I was talking about Rio de Janeiro today where I lived for a short time, and they have a tram that gives you a big view. We'll be in the big leagues. Number two, investment that's already occurred and will occur in South Waterfront is extraordinary. The job creation with OHSU as a partner will be probably some of the best in the city. And the best way to make affordable housing is to give people good jobs, or to create a situation where good jobs can develop. There's no better way to help someone by a home than to give them honest, good-paying work. My last comment reflects again on my father as the gentleman next to me. He's 96 going on 97. He had open-heart surgery 41 years ago. Medical research pays. My father taught and continues to teach. Yesterday afternoon he had his class. He's been living with a valve job, as we call it, for 41 years that came from medical research. So friends, the payoff in partnering with OHSU in terms of medical care, medical research and jobs, is tough to put a dollar sign on it. I can't. So I really am a partner -- I want you to continue to be partners. Commissioner Sten, I want you to swallow hard and join us. And I want to see this project going forward. Obviously the tram is a big piece of it. Thank you.

Potter: Thank you folks. Sue, how many more names?

Parsons: One more. That's Don Gale.

Don Gale: Best for last. Happy Easter to the three of you here, and happy Passover, Commissioner Saltzman. Don Gale, past president of the tri-county lodging association. Past chairman of the travel industry council of Oregon, past board member of the Portland, Oregon, Visitors Association. In 1983, my wife finished her residency at OHSU. I can remember many days her coming home, screaming about the traffic that she had to endure 23 years ago. Coincidentally, her father, who had a major job with ODOT, used to take the brunt of that. As many of you know, he was called Mr. Traffic, and today works for Kittleson and Associates. He said back then they were warning the people at OHSU, the Veterans Administration, and Doernbecher Children's Hospital, that something had to give up there, that they needed to stop building. They considered that they could not widen the streets. They questioned the stability of the hill. And yet we continued to build. Is the tram safe? We lived in Europe for two years. We have seen many tram incidents. I called the fire department. We don't have a ladder truck that will reach the tram in many of the places. We can't keep the ice off the MAX lines. What are we going to do about the tram lines? How many people will the cars hold? What is going to be the length of the roundtrip? What are we going to do for parking? As the people who work on the hill come to park their cars and have to wait around for the tram, how long is it going to take before it becomes the Seattle Monorail. Yes a disaster sitting in Seattle, totally unusable. Mr. Saltzman, when my wife opened the paper on Thursday morning, she went crazy. I won't even repeat what she called you. Commissioner Sten and Commissioner Leonard, I applaud your decision to hold out. This tram, like the convention center hotel, will become a travesty. It's interesting that the Portland Development Commission has all this money. Here's an article out of "USA Today" a couple days ago where it says "smaller cities roll out red carpet for big conventions." I read Cape Cod, Massachusetts, Tulsa, Oklahoma, Chattanooga, Tennessee, Allentown, Pennsylvania, Sacramento, California, Savannah, Georgia, Memphis, San Jose, Washington, and New York -- I mean Newark, New Jersey. Son-of-a-gun, where's Portland, Oregon? Thank you.

Potter: Sue, is that it?

Parsons: That's it.

Potter: Council discussion?

Saltzman: I have an amendment to offer to the resolution.

Adams: Yeah. Oh, I have to do an amendment for the ordinance. Are we doing that next? Or are we doing it altogether?

April 12, 2006

Potter: We're doing them separately.

Adams: Ok.

Saltzman: Doing the resolution now, right? Ok. Very simple amendment. I'll give you copies. Commissioner Leonard, I'll read it for you and the audience. The amendment simply states, adds one more resolved. Therefore be it resolved the city of Portland directs the office of sustainable development to report back to council annually on the improvement on local air quality and reduction of greenhouse gas emissions from vehicle trips eliminated due to the Portland aerial tram. So a simple reporting requirement to help us to quantify air quality benefits from reduced vehicle trips associated with people either taking shuttle buses up and down the hill to south waterfront or perhaps what it would cost in terms of people commuting from Portland to hillsboro were ohsu to expand in hillsboro instead. Simple quantification of the environmental benefits.

Adams: So moved.

Potter: Second?

Saltzman: Second.

Leonard: What is the cost impact on the office of sustainability for that?

Saltzman: None. They, you know, compile this information already as part of our local greenhouse gas -- local global warming policy.

Leonard: Ok. Thank you.

Potter: Sue, call the vote on the amendment.

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

Potter: Aye. [gavel pounded] now do we vote on the resolution?

Adams: So I'm going to make remarks that sort of apply to all the collection of things today, so to ask for your indulgence of a little time here. I'm pleased and, yes, a little relieved to support this resolution. This is not necessarily the easiest resolution to support, it's not perfect, but at the end of the day it's one that's earned my support. As a stakeholder will attest, I've been a demanding participant during these negotiations. I want to be clear about what I'm supporting and explain why I'm supporting it. This is a big decision and the public deserves to know exactly how I made my decision. I'm voting in favor of a funding project that instigates funding development of needed infrastructure in the south waterfront district. We've all heard a lot of about the tram lately, but there's a lot more here than just the tram. At my urging, along with the support of the mayor and the city council, we directed p.d.c. In December of last year to negotiate with our private sector partners on a funding project that includes not just the tram, but also the streetcar development, neighborhood park development, initial greenway development, and a significant increase in affordable housing. Thanks to the good work presented before us today, south waterfront will be a neighborhood not only for lawyers and doctors that serve ohsu and elsewhere, but also for nurses and support staff and anybody who chooses to live there. A real neighborhood with housing options for most all income levels. It is something that is worth my support. I want to talk a little bit about the tram. You'll hear more about it in a few minutes as well. We have all heard about the escalating tram construction costs with the passage of this resolution and supporting ordinance we have worked hard to put the increasing tram costs behind us. We've worked with our contractors, Kiewit, Doppelmeyer, Sara Graham and others to achieve a fixed price for as much of the tram construction as we possibly could. Let me explain what I mean by fixed price. The total and anticipated project cost is \$57 million. Of that \$34,799,000 goes to Kiewit as general contractor. Doppelmeyer which is supplying the support structure ropes, mechanical equipment and cabin receives \$10,477,387. Here's the important part. That's it. Both prices are fixed. That's what they get and they have to build the tram. No more. In fact the total project cost can only change if we the city of Portland make design changes. We're in control of our own destiny on the costs and we intend to stay there. Now there may be design changes that are required. This is an extremely complex, unique project. Never having been built before, ever. And there are thousands of parts

April 12, 2006

that have to be fabricated and fit together and then work. And that's why this package also includes over \$2.4 million in contingency. In summary, 95.7% of the total project costs cannot increase. And of the remaining 4.3 that could increase, we are in control of the cost to the best of our ability and for those changes, we have set aside \$2.4 million. I want to mention the neighborhood park. Neighborhoods aren't just bricks and mortar and people, residents and nonresidents alike need a place to relax and enjoy themselves. You can go down to Jamieson Square at Portland's highest density neighborhood, the Pearl, and on a summer day see hundreds of kids and families from around the city enjoying themselves. South Waterfront needs an equivalent and this package guarantees \$4 million for parks development and guarantees earlier completion by 2009 and I am pleased to see this amount of money nailed down in this new reinstituted agreement. The green way that you have heard about in some of the testimony, the ribbon of green to be nurtured along the banks of the Willamette River is a cutting edge restoration of the river bank within a massive redevelopment of a brownfield. It's the sanctuary for wildlife and contemplation, a buffer between the city's most bustling live-work district and the timeless needs of natural environment. \$4 million in this agreement is secured in this package to further the green way's development. It's not nearly enough to complete this important development, but it's more than we have had before and it's a very good start, and I am pleased to support additional funding for it. The streetcar, as the city's transportation commissioner, I take great pride in our ever advancing ability to provide meaningful transportation options to our citizens. The office of transportation and our private sector partners with Streetcar, Inc., incorporated continue to expand this invaluable streetcar line. One of the secrets of the streetcar line while it provides people with a safe, comfortable and convenient way to travel, it's a proven integrator of development. It's helped foster \$2 billion and that's with a B in private investment adjacent to the lines. We now refer to streetcar as a development oriented transit. It's a perfect match for Portland's newest neighborhood, and I support unified efforts brought forth in this deal to seek state dollars to complete the star with \$2.4 -- 2.4 more miles in 9 line in South Waterfront. I want to talk a little bit about investment in higher education for economic development and OHSU's bioscience economic development initiative. When Portland is reviewed from the outside, we often get rave reviews for almost every aspect of our livability. Except for a few. And one of those that we get demerits for is the lack of a top tier world class research university. In fact, this is, it was mentioned yet again last February 12, "two states, two directions," where it mentions the fact how Oregon ranks 44th in public support for universities. 44th out of 50. As the city's Lee E. Ison to higher education I know how important higher education is to the current and future economic development of the city and the region. When I worked for a former Mayor Vera Katz I helped press for \$8 million in investments to help build PSU's engineering school and the streetcar connection to PSU. And I support the elements of this package that give \$1.5 million for a joint P.D.C.-OHSU bioscience recruitment strategy and \$2 million for tentative improvements within the North Macadam U.R.A. These right kind of investments we need to make, yes, they are real costs and there are other indirect benefits that we are giving to OHSU. But we know that it will yield jobs and it's our best strategy moving forward and I support them. Affordable housing you have heard about the 5,000 planned housing units, \$18 million in new dollars for affordable housing available in this package bringing the total to \$25.7 million, which funds three to five projects and funds completion of the first 200-unit project. Within the next couple of years. Additionally the deal retains commitments that are necessary for lower income housing outside the central district from zero to 30 of median family income and I support those goals. So in summary why am I supporting this deal from a cost benefit analysis, it's pretty straight forward. If we don't go forward, the city's general fund, the source of dollars used to provide basic services like fire and police protection, could be exposed to more than \$36 million in claims. That would be \$36 million we currently earmark for basic services that would be lost. Additionally it's clear that our private sector partners would pursue litigation against the city which would bring

April 12, 2006

untold legal costs notwithstanding which party prevails on the claims. The bottom line is that we can either spend additional dollars to fund this package of neighborhood improvements or we can spend additional dollars to fight in court. For me the choice is clear. Yes, the city is providing, as I mentioned, direct and indirect financial assistance to ohsu near \$7.8 million. Is it worth it? The economic impact of ohsu is pretty darned clear. And these are the facts. Ohsu is the largest employer in the city with 11,500 jobs. These are overwhelmingly living wage jobs and research shows every ohsu job yields two more. Over the last decade ohsu has brought in \$274 million in research, \$258 million from out of state resources. Ohsu generates 46,000 jobs in the community throughout Oregon and fields \$2.7 billion in regional economic activity annually. But having said my support for ohsu and the new jobs that will come with this expansion, I also am very sensitive to the impacts on the neighborhoods. And I want to touch upon the very real fact that folks at kohr bet, terwilliger, lair hill neighborhoods do indeed have impacts and deserve our support in improving their neighborhoods. For those impacted look gibb streets the city as commissioner Saltzman's suggestion has initiate \$a voluntary buyout program. We have followed through on that and two owners have accepted our offer. Additionally, this deal retains commitments at the originally stated amounts to build the pedestrian bridge over interstate 5, underground the utility, public arts in the neighborhood and additional amenities. I know that this is not enough. And I am committed working with p-dot to continue to do more. I want to thank a few people before I confirm my support for this resolution. I want to acknowledge the good work, first and foremost, my colleague and mayor tom Potter, his commitment has been crucial. These have been absolutely arduous, arduous negotiations and he has been a very effective leader. I also want to acknowledge his staff assistant austin for 9 excellent work she has done in helping bring this deal together. Bruce warner, rachel, bob alexander of p.d.c. Deserve a mention of our thanks. You have all done the tough negotiating across the table on our behalf. My own p-dot team, sue, art, greg jones, don gardner along with my staff people, and tom miller, thank you. And on a particular note, I want to thank our tram project manager, rob bernard, for his dedication, savvy, and stellar attitude. Thank you, rob. Where are you? You are way back there. Thanks. Now we got a lot of work to do. Ohsu's steve stadum and mark williams along with dr. Kohler have helped their team. We have had to compromise including them and I want to thank them for their partnership on this. Private sector partners homer williams and doug danes have contributed in important ways and put their capital at risk and I am grateful. Also want to thank former city commissioner jim francesconi who had kiewit, the tunnel side as a client and his work as a lawyer and advocate, and I asked him to step forward and help us in the other part of division of kiewit that is building the tram to help in our conversations with kiewit and the stakeholders and you have done an excellent job on a short time line and I am grateful for your work. Finally I want to thank my colleague commissioner Saltzman who deserves credit for making the commitment last week to this deal. Politically some think it would be easier to say no. Dan, your commitment puts the city's well-being ahead of the politics of the moment and that's what leadership is about. And I want to thank you as well. With that you will that having been said, I vote aye.

Leonard: I am disappointed commissioner Adams didn't thank me for making him sound reasonable. [laughter]

Adams: We are still waiting to hear what you say.

Leonard: I first want to acknowledge technology. I truly am in awe that I am on a cell phone in one of the remotest parts of the world listening to this conversation uninterrupted. My only regret is when I get my bill for this two hours of cell won't it won't have 5% tacked on to pay for important city purposes. [laughter] 11 years ago as a member of the state senate, I was one of three legislators in both houses to vote against allowing ohsu to leave state oversight and scrutiny to become a public corporation. Our reasoning was while public institutions don't like the scrutiny of the legislature's ways and means process it is the only way I know of to have an adequate check and

April 12, 2006

balance on a public institution. Without that check and balance, there is no true accountability to the public through its elected representatives. Ohsu's leadership has certainly proven my point these past two years. From joining forces with Texas Pacific to acquire p.g.e., to deliberately attempting to mislead the public and the council about its primary role in causing the cost of the tram to sky rocket, ohsu has in my opinion, done exactly what I predicted could happen if they were allowed to be exempt from public scrutiny. One need only read "the Oregonian"'s Ryan Frank's story of a couple of Sundays ago regarding ohsu expanding the hospital on the same location that the upper terminus of the tram was originally planned to be sited. By all accounts ohsu knew their decision would dramatically affect the cost of building the tram and it did. As a result of that fateful decision by ohsu the cost of the tram increased dramatically. Second, also according to a story by Ryan Frank in January of this year, ohsu has told by their own consultant that the cost of the tram was going to be much higher than the \$15.5 million figure that was going to be presented to the council in 2003. Ohsu concealed that information from the city council and, yes, so did a city employee but that created no less of a burden on ohsu to be forthright when they knew the council was voting on a \$15.5 million tram that ohsu knew was not possible to build for that price. Those facts notwithstanding, the president of ohsu sent a letter to the entire business community just this past month claiming it was the city of Portland that was solely responsible for the skyrocketing cost of constructing the tram. That was wrong and Dr. Kohler knew it. Ohsu has yet to publicly concede it was its decision and its direct participation in the planning decision by its membership on the planning board that led to a large portion of the tram's cost increases. It seems to me that the leadership of ohsu wants to have both ways. On the one hand they have engaged in a slick public relations campaign to deflect their own missteps while on the other hand they ask the city for money to help make up for their mismanagement and lack of planning to construct the tram. It seems to me that the leadership of ohsu has shamelessly chosen both strategies. Let me be clear about my own history with the tram. Shortly after I arrived on the council to divote to authorize \$2.5 million of public money to help construct the tram that the council was told at that point would cost \$15.5 million. Shortly after that the council was told that the cost of the tram has increased. I did swallow hard and I agreed to contribute another \$1 million to what we were then told was a \$40 million tram. I continued to stand by my earlier votes and support of the tram construction. However, now we are told the tram is going to cost \$57 million and the city needs to contribute another \$5 million on top of the \$3.5 million that we have already agreed to spend. We are told by some that the extra \$5 million is our fair share. Let's be honest about the public financing of the tram. The total \$8.5 million, a tax increment financing money is just over one-half of all the money taxpayers are contributing to the tram. Portlanders are also on the hook to reimburse ohsu an additional \$3.4 million as a result of ohsu being granted \$11 million from Washington, D.C. Can someone, anyone here explain where that kind of a deal comes from? Who on our side makes such agreements? If for no other reason that scheme alone has earned no vote. But that's not it and this next one is my favorite. A cut in what Ken Russ characterized as a mortgage insurance on the I.I.D. Monies paid by ohsu from \$1 1.25% to 2.5% saves another \$2.25 million for ohsu. Never mind that every poor working Jane and Joe in Portland has up until now paid the current 1.25% every time a sidewalk, a street, or a sewer is laid in their neighborhood. We just heard our financial staff is relying on a 1989 report to reduce the mortgage insurance fee. However, in intervening 17 years, the city of Portland has undertaken one of the largest public works projects ever, the mid county sewer project, that included the 1.25% charge on each of the modest homes, each of -- east of 82nd Avenue. That now comes ohsu that will participate in an I.I.D. And somehow, some way, we now think that 1.25% is too much. If we leave the rate at 1.25%, heavens, we might end up with resources that could be used to pave streets out in the cully neighborhood or heaven forbid lent. By all means let's change that interest now before we have to replace streets throughout Portland. The various financial sweetheart deals with ohsu amount to a minimum of a \$134.15 million direct

April 12, 2006

taxpayer subsidy of ohsu and its tram. "the Oregonian" has editorialized the council should agree to contribute the same percentage as we contributed when the tram came in at \$15.5 million. That was 15%. However, with these various financial schemes added on top of the \$8.5 million money the taxpayer share comes in at 25%. These financial mcshin nations combine with ohsu self serving comments is nothing short of an outrageous shell game all at expense of taxpayers. Tram will primarily benefit ohsu. Combine that with the fact that ohsu pays no taxes for any of the city services it receives, yet, its own employees through tax exempt shelters will financially benefit from some of the projects at south waterfront where they paid nothing towards the construction of the tram. That is just not fair. In the final analysis, my vote against more funding for the tram is based on fairness and this current deal, there my opinion, does not treat this city taxpayers fairly. No.

Saltzman: Well, I think this is well known to all, I have always supported the tram. I have voted for it from the very start. But up until recently I was opposed to any further city contribution to the completion of the tram. And as I stated at our tram briefing we had a few weeks ago, a condition precedent for me to get to a point where I could support further city funding for the tram would be knowing in an ironclad agreement who is going to pay if the cost exceeds what was then estimated to be \$55 million. And from everybody I posed that question to I got blank stares, whether it was p.d.c., whether it was ohsu. Probably n.m.i., anybody. It was like blank stares. Could there even be any further increases? I know enough about construction. I know enough about things and given where we have got friend a \$15 million project to a \$55 million project you would think that would be something I won't wasn't the only one thinking about. What ultimately got me to support this agreement was, in fact, finally arriving at a fixed price. So now we know what the tram will cost. And now we know that the city's contribution is, in fact, \$8.5 million. That was one factor that got me there. \$8.5 million in urban renewal money. Secondarily was the fact that ohsu and the private developers were also increasing their investments, increasing their investments substantially. Third was the fact that the development agreement, the tram is part of a larger development agreement that is now going to accelerate affordable housing it's going to accelerate development of the green way, accelerate the development of the neighborhood park, and it's going to accelerate the creation of thousands of jobs over the next several years, thousands of good paying construction jobs. And finally was the cold hearted reality when I sat down and looked at the alternative and felt, which was discussions with mayor Potter last week, the cold hearted reality was, we could investment a little bit more now or pay a lot more later and have nothing to show for it. For \$5 million more in tax increment money, money which comes from property values of the developers in the south waterfront area, versus the cost of potentially stopping work, having to repay l.i.d.'s which we never performed on, having to pay off all the contractors and having to moth ball the project which you can't just throw tarp over this. You would have to actually spend more money to moth ball the project, it would cost an estimated \$36 million and that would come from our general fund. That's what pays for police, fire, parks, neighborhoods, planning. We are dealing right now with a budget deficit of about \$2.5 million this year and that's always work enough as it is. But I defy anybody to look me in the eye -- when I have asked people why would you come up with \$36 million from our general fund over the next year, the next two years, I get the same blank stares I got from people asking me why don't we have an ironclad agreement about who's going to pay more for the tram if it goes over \$55 million. So it really faced with these realities I felt it really was in the best interest to support this agreement and go forward. I think it's the right thing to do for the city. I think it's the right thing to do for the taxpayers. And it's also important I think to end what was about to become and probably already had the beginnings of looking like a messy divorce. And that's never in the best interests of anybody. I can attest to that from every experience I have had working with children and families. Divorce is traumatic. Divorce is a bad thing. And it's time for us to move forward. What's best for our city. And I think it's in final -- I would like to say much has been said about ohsu. Much has been said about north macadam investors. I think we have to remember that

April 12, 2006

first and foremost, ohsu is no enron. The money we invest in ohsu stays here. It helps to create thousands of jobs, as sam said, our largest employer with good paying jobs. It helps to assure a future of ohsu here in Portland. Ohsu is Oregon's only medical college in the state. It's our premier medical research institution. And it was worth fighting for to keep their expansion plans in Portland, not hillsboro. The research benefits all of us, whether it's having a heart valve replacement or finding a cure for cancer. These are all things we should be very proud of. So ohsu is part and parcel of our city, part and parcel of our history and I am glad that their future moves forward with the city's future. And I am convinced that the billions of dollars that will be invested in south waterfront, from private developers as well as from the public and from ohsu, is going to go to a long way towards creating good jobs, providing good housing, and saving people's lives. And I think it's important we look at it in the big picture point of view. So in the final analysis, as I said, this is the right thing for Portland, the right thing for city taxpayers. And I vote aye.

Sten: Well, I want to start by appreciating my colleagues' work on this and I too have looked very hard at this issue and studied it for a long time. Nobody's perfect but I think I understand the economics as well and I am not going to support it today. When you say no to an agreement, it may be because you don't want the product and that's not me in this case. It may be because you don't like some of the actions of parties like commissioner Leonard, I did not appreciate dr. Kohler's letter. I thought it was a bad tactic. There have been mistakes made by the city as well and my point is not to point fingers. But to say I don't think we reached an agreement that makes us a much sense for the taxpayers as it needs to to get my support. And I also reject the premise that the choice in front of us today and really it was last week, and I do think this is a decision that should have been made after a public hearing not before one and giving people a chance to talk about it but the decision that was announced by three of my colleagues and again I appreciate their hard work, I appreciate what they are trying to do and do believe and have supported the idea of developing north macadam. This is simply about the dollars and this is not a good enough deal for the taxpayers but the choice that was available last week was to keep negotiating. And to come to a conclusion that I could support that others could support because it was fairer to the taxpayers. Four weeks ago on thursday, I sat in this very room and was told that the choice was, a \$50 million project in which we paid \$4 million or all of the gloom and doom people are talking about starts right then. We pay money, or else we lose much more in legal costs. Of course, we would lose more money in legal costs but than does mean we have to settle for this deal at this point. I then at that time decided to explain my analysis, which was essentially that there were two things that were happening in the district that I saw that were very different from when we signed this deal. One was ohsu has received a wonderful gift from the schnitzers that's going to take an enormous amount of property off the tax rolls. Ohsu has a structure that allows them to be cost competitive. I think it makes sense but you this don't pay property tax and so the money we were planning on from that development is gone. Secondly, we were proposing and I think that what we are doing today to put forward about \$38 million more tax increment financing. You only get tax increment financing if real estate values are up. That should show to anybody is that the projected value of the for profit development that's coming in this area is way above what was projected. The proposal that was on the table to me four weeks ago was that the developers guarantee that \$38 million, which was coming because they knew their profits were going to be there but put zero into the tram. Three of us said no and immediately the offer changed. And the developers put \$2.5 million on the table. The developers are good people. They have done great work in Portland. This has nothing to do with their character or vision. It has to do with negotiation and doing what the city I think has failed to do today which is drive to the best possible deal for the taxpayers and I will vote for nothing less. I still believe we are in that position last week. I was talking with those folks trying to come to an agreement. I believe that the amount of money that's been put on the table is not enough to justify the price has gone up \$7 million and the number that we walked away from four

April 12, 2006

weeks ago has gone up. I think we can get a much better deal than this and I think the choice between walking away and putting up this amount of money is a false one that has been created and actually sealed before we even had a public hearing on it which is not 9 ways we should be doing business in this town though again I do appreciate. I think it's for good faith reasons and I think it's people trying to act in the best interest of the city. I just don't agree with it. Which brings me to the point I want to make on affordable housing which I think is very important. I supported the tram deal, whenever that was, three, four years ago under a very basic premise and I think everyone on the council agreed to it which we would build the streetcar, the tram, and much of the infrastructure before we invested in affordable housing and parks and green ways. That's actually counter to adopted city policy. The city has an adopted policy that urban renewal districts should have a full share of affordable housing that matches the city as a whole. We agreed to do the infrastructure first, because we thought, and I think we were current, that if we did the infrastructure first, the increment would come in later and we would have more money to work with. There was not enough money on the front end to do the environment clean ups and infrastructure and build the affordable housing. The problem is, that that deal essentially turned out to mean affordable housing was behind the infrastructure no matter what the infrastructure cost. So you have a \$15 million tram that's now \$57 million, and affordable housing is behind it. The delays in the project also push the price of the land values way up. Profits up, land values are up so the prop pigs that is on the table to us is that because we put the private sector interests first, because we put ohsu's interests first, because we put the infrastructure first, we should pay an increased price of the land and by today the land at today's value so we are being asked to buy a \$5 million parcel of land -- half of which -- for \$5 million half of an amount of land that sold for \$3 million two years ago. So this is another level that we are paying on and then we are giving back the ability to develop it. This is not an acceptable deal. And I don't know. I can't see a way to work out of the problem. The problem is that we didn't take on the affordable housing on the front end. I don't think this deal is as good as it could be. Somebody's calling. Maybe that's a wrong number, by the way. [buzzing] it's not as good as it could be. But there's no way to go back in time and about it land for what we should have got it for so I do want to say I am going to take up the c.d. And the community development network's proposal and we will bring a resolution in front of this council to suggest we put a 30% set aside for affordable housing on tax increment districts. This is something and people know my history with affordable housing that I have resisted for many years and the reason it's arbitrary and there's been affordable housing advocate that is have worked for many years -- [phone ringing] to try and get something like that in place. I have said all along you need flexibility in these districts. You need to be able to figure out how things work and we have a long history of getting affordable housing done and so I have said, although I support the idea of getting 30% of tax increment funds into affordable housing I think doing it as a set aside is too arbitrary. I have change might mind on that because I feel burnt by this process. And I am not whining about it. I just feel we have worked in good faith and the affordable housing has got left by the wayside and there's \$18 million of affordable housing going into and half is going to a price we should never pay so we are probably getting \$7 million of what we should have got for 18 million. This has to be corrected structurally because what happens in these agreements and it's the job of us up here if we don't get it all right everybody can see it in hindsight and I don't think, whether it's me or anybody else this council should be in that position again. So I think the thing to do on the affordable housing and it will be up to my colleagues to debate it with me is for bring forward a change so next time it doesn't happen again. I will continue to work forward to try to get this affordable housing built. I don't see that we have the leverage but the fact we don't have the leverage is something that should not happen again in an urban renewal district. For that variety of reasons, I am not satisfied with what the taxpayers are getting for their dollar. I think \$5 million more of tax increment funds that could

April 12, 2006

be going into other things in this this district that are needed to make it work for all citizens is too much a price to pay and it's unnecessary. No.

Potter: As you folks can tell there's a lot of passion and feeling within the city council. I respect all of the feelings that the members have. But last december, the city council asked Portland development commission to take this project, and come up with a final amount of money that would be a package of the things that we had requested and they were listed earlier, so that in the end, we would be looking at a package and a lump sum cost for this to go through and be completed. They did that and I want to thank the Portland development commission, bruce and your team, the commissioners that voted last night. I want to thank ohsu and n.m.i. And dopplemeyer and kiewit and susan anderson, the architect, all of the folks came to the table and I think under very difficult circumstances. Because there was a lot of finger pointing. And I think the fact is that at we needed a solution. And I think that we came up with the solution and I support the solution. I at the completion of the construction of the tram I am going to order a complete review of the entire process, starting at day one, up until the completion of the construction to determine not so much who to point fingers at. We have done enough of that but how to prevent this from occurring in the future. And there's been different pieces of how we might do that submitted here today, both by council members and other folks. The fact is, is that this, in 20 years, will not be the discussion point it is today. That aerial tram will be a Portland icon that people come to bring visitors to, to ride on, there will be an instrumental part of the operations of our largest employer in the city of Portland, Oregon health sciences university, so that they can grow here in Portland and that our community can benefit from that and from the development of the housing in that area will come thousands of jobs, both construction as well as permanent jobs. I think in the long run, this will benefit all of our community and that as it gets back on to the tax rolls, it will contribute significantly to the improvements that we look for on a daily basis to improve the lives of Portlanders, whether it's through public safety, transportation, or other means. It's been a contentious process. And I am glad to see that this phase is going to come to a close. But as we move on into the future, I think it's important to remember and learn from these lessons. I, too, wish to thank several people starting with my staff person, austin raglione who in the last few weeks has been the courier pigeon of this whole thing -- not really, austin. But bringing people together, talking, and coming up with an ultimate solution. So thank you, austin, for doing that. And thank all of you who stuck through the negotiations and we came up with the final solution. I appreciate all the work that's gone into this. I appreciate all the sides that have been stated today. About that I vote aye. [gavel pounded] would you please read item 475.

Item 475.

Greg Jones, Portland Office of Transportation: My name is greg jones with Portland office of transportation. And with me is rob bernard and jim van dyke from the city attorney's office.

Leonard: Excuse me. Mayor, are we going to be voting on these items today?

Potter: No. They will move to second reading next week.

Leonard: If it's appropriate then I would like to leave at this point.

Potter: Yes. Thank you very much, commissioner Leonard, we appreciated your presence.

Leonard: Thank you.

Potter: The council note?

Parsons: Yes. [Commissioner Leonard hung up telephone at 4:04pm.]

Potter: Please continue.

Jones: The ordinance you have before you is to amend the kiewit pacific contract to increase it to \$34,799,000. This is a key element in this package in order to increase the contract authority to allow us to continue work on the tram. Without it, we run out of cash. We run out of authority in approximately two weeks. So it's essential in order to move forward. Commissioner Adams said it very well earlier on. Our assignment was to get certainty on this contract and what we have done is

April 12, 2006

we have changed the contract type to move to a lump sum contract. And we have done that on the kiewit contract, the dopplemeyer contract and the architect is also a fixed fee. We have been able to take the time and materials contract and move them to lump sum. Now, this will give us protection on about 95% of the contract amount. We have owner risk that we continue to share. If we make a change in the contract, that's at our risk. We have four subcontracts that we will also control. We have set aside \$2.4 million in contingency to cover the unforeseen circumstances ever those kinds of changes and finally, of course, we have any changes that would be related to acts of god, unanticipated circumstances, you know, hurricanes, earthquakes, those kinds of things. Those are in all of our contract and that same risk would stay with us on this kind of a contract. Are there any questions you might have?

Rob Barnard: I was here to answer questions if you have any, mayor.

Potter: Ok. Do council members have any questions? Thank you.

Linly Rees, Deputy City Attorney: Mayor. There's one amendment that was proposed by staff. There was a typographical error in the whereas and the directives. There's a memo to that effect so before moving this on to second reading it would be appropriate to move those amendments, please.

Jones: Commissioner Adams has those to make.

Potter: Maybe we can contact -- there we go. You have some amendments to submit?

Adams: Oh, lord. Yeah. I'm sorry. The ordinance needs to be changed as follows. Section one, item number 10 at the end of the first sentence, \$35,850,000 needs to be changed to \$34,799,000. The amount needs to, the same changes need to be made there.

Potter: Does the council clerk have copies of this amendment?

Parsons: Yes.

Adams: Then we also have an updated exhibit a which I will pass out.

Potter: Do I hear a motion to accept the amendment?

Saltzman: So moved.

Potter: Second.

Adams: Second.

Potter: Please call roll.

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

Potter: Aye. [gavel pounded] please read item 476.

Item 476.

This moves to second reading, non-emergency, be heard next week. Correct?

*******:** Correct.

Rust: Mayor, members of the council, ken rust again. The ordinance in front of you for first reading today would be the ordinance that authorizes us entering into lines of credit to assist in the funding of the increased construction costs of the tram. I will point out to you that there is a section b that references a funding plan of \$55 million for the tram that really should read \$57 million and I request someone entertain a motion to make that change.

Adams: So moved.

Saltzman: Second.

Potter: Vote.

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

Potter: Aye. [gavel pounded] this is nonemergency and also moves to second reading. We are adjourned until next week. [gavel pounded]

At 4:10 p.m., Council adjourned.