



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 15TH DAY OF JUNE, 1994 AT 9:30 A.M.

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ben Walters, Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

Judith Hyde, the U.S. Postal Service letter carrier who walked across the country from Portland to raise awareness about AIDS, but who had to stop in Ohio because of illness, was honored by Mayor Katz.

Agenda Nos. 951 and 955 were pulled from Consent. On a Y-5 roll call the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

947 Cash Investment balances for May 5, 1994 through June 1, 1994 (Report; Treasurer)

Disposition: Placed on File.

948 Accept bid of Oregon Fire Equipment Company for furnishing leather fire fighting boots for \$89,013 (Purchasing Report - Bid 177)

Disposition: Accepted; prepare contract.

949 Accept bid of Gelco Construction for manhole modification project Phase 2 for \$339,900 (Purchasing Report - Bid 182)

Disposition: Accepted; prepare contract.

950 Accept bid of Courtesy Janitorial Services, Inc. for janitorial services at SE 99th and Powell Boulevard (911 Building) for \$39,666 annually for three years (Purchasing Report - Bid 187-A)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

***952** Pay claim of Brian Travis Berry (Ordinance)

Disposition: Ordinance No. 167769. (Y-5)

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***953** Amend agreement with Managed HealthCare Northwest for the provision of preferred provider health care services to the City's self-insured plan participants (Ordinance)

Disposition: Ordinance No. 167770. (Y-5)

***954** Authorize continuance of the College Work Study Program and execution of agreements between the City and various colleges and universities (Ordinance)

Disposition: Ordinance No. 167771. (Y-5)

Commissioner Earl Blumenauer

956 Set hearing date, 9:30 am, Wednesday, July 13, 1994, to vacate a portion of N. Kaiser Center Drive (Report; Petition; C-9840)

Disposition: Adopted.

***957** Authorize the Purchasing Agent to issue a purchase order to Valley Equipment Company, Inc. for the purchase of one vibrating grizzly and provide for payment (Ordinance)

Disposition: Ordinance No. 167772. (Y-5)

***958** A Cooperative Improvement Agreement by and between the State of Oregon, the Portland Development Commission and the Portland Office of Transportation for a right-of-way easement under the Marquam Bridge at SW Moody Avenue (Ordinance)

Disposition: Ordinance No. 167773. (Y-5)

***959** Revocable permit to Concordia College Foundation to close N. Russell between Interstate and Mississippi on June 25 and 26, 1994 (Ordinance)

Disposition: Ordinance No. 167774. (Y-5)

***960** Revoke certain commercial driveway permits along the downtown and Goose Hollow alignment of the Westside Light Rail Project, stipulating certain conditions (Ordinance)

Disposition: Ordinance No. 167775. (Y-5)

***961** Authorize agreements with various property owners along the downtown and Goose Hollow alignment of the Westside Light Rail Project to make modifications to existing vaulted sidewalk areas (Ordinance)

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Disposition: Ordinance No. 167776. (Y-5)

- *962** Contract with Murase Associates for planning and preliminary engineering work for the W. Burnside pedestrian access project (Ordinance)

Disposition: Ordinance No. 167777. (Y-5)

- *963** Authorize agreement with David Evans & Associates to provide traffic signal design services to the Bureau of Traffic Management (Ordinance)

Disposition: Ordinance No. 167778. (Y-5)

Commissioner Charlie Hales

- *964** Authorize an agreement with Portland State University in an amount of \$32,500 for the Bureau of Planning to add a University District policy to Portland's Central City Plan (Ordinance)

Disposition: Ordinance No. 167779. (Y-5)

- *965** Authorize an Interagency Agreement between Portland Parks and Recreation and Portland Development Commission to fund and construct the 40 Mile Loop Columbia South Shore Slough Trail in the Airport Way urban renewal area (Ordinance)

Disposition: Ordinance No. 167780. (Y-5)

- *966** Amend contract with Markley Drake for the Bureau of Fire, Rescue and Emergency Services to increase the amount by \$16,800 and extend the completion date (Ordinance; amend Contract No. 29202)

Disposition: Ordinance No. 167781. (Y-5)

- *967** Contract with Oregon Fire Equipment Company for \$89,014 for purchase of fire fighting boots (Ordinance)

Disposition: Ordinance No. 167782. (Y-5)

Commissioner Gretchen Kafoury

- *968** Increase contract for architectural services for remodel of temporary relocation facility for the Police Bureau's East Precinct (Ordinance; amend Purchase Order No. 1016786)

Disposition: Ordinance No. 167783. (Y-5)

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Commissioner Mike Lindberg

969 Accept completion of the Alley east of 48th Avenue and 3019 NE 63rd Avenue sewer reconstruction project and authorize final payment to Gelco Services, Inc. (Report; Contract No. 28684)

Disposition: Accepted.

970 Accept final Certificate of Completion for Burnside East-North and provide for final payment (Report; Contract No. 28735)

Disposition: Accepted.

971 Accept completion of the NE 13th Avenue Basic CSO sump project, Unit 15, and authorize final payment to Moore Excavation, Inc. (Report; Contract No. 28738)

Disposition: Accepted.

972 Accept completion of the sewer diversion manhole modifications project and authorize final payment to Gelco Construction Company (Report; Contract No. 28839)

Disposition: Accepted.

***973** Authorize Intergovernmental Agreement with Washington County Consolidated Communications Agency for use of WCCCA's and the City's 800 MHz simulcast trunking radio system (Ordinance)

Disposition: Ordinance No. 167784. (Y-5)

***974** Approve Change Order No. 2 for the motor starters and transformers for Ankeny pump station project (Ordinance; Contract No. 28801)

Disposition: Ordinance No. 167785. (Y-5)

***975** Authorize the City Attorney to continue negotiations for the purchase of three permanent sewer easements required for construction of the Woodmere sanitary sewer system project, to begin condemnation proceedings, if necessary, and obtain early possession (Ordinance)

Disposition: Ordinance No. 167786. (Y-5)

***976** Authorize a contract and provide for payment for SE Boise Street, SE 67th Avenue to SE 70th Avenue sanitary sewer system (Ordinance)

Disposition: Ordinance No. 167787. (Y-5)

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- *977** Award a contract with Gelco Construction Co. for the construction of the sewer diversion manhole modification project, Phase 2, and provide for payment (Ordinance)
Disposition: Ordinance No. 167788. (Y-5)
- *978** Accept an Assignment for all right, title and interest to the Panavista Park sanitary sewerage system, granted by Panavista Improvement District, at no cost to the City (Ordinance)
Disposition: Ordinance No. 167789. (Y-5)
- *979** Amend contract between the City and CH2M Hill to extend the contract period to October 31, 1994 (Ordinance; amend Contract No. 28955)
Disposition: Ordinance No. 167790. (Y-5)
- *980** Consent to transfer of Midland Disposal Service solid waste and recycling franchise to Alpine Disposal & Recycling (Ordinance)
Disposition: Ordinance No. 167791. (Y-5)
- *981** Authorize Agreement for the conveyance to property to the Bureau of Environmental Services, subject to certain conditions being fulfilled, and authorize acceptance of deeds and payments of expenses (Ordinance)
Disposition: Ordinance No. 167792. (Y-5)
- *982** Amend contract with Black & Veatch for \$29,640 for additional engineering services for the Headworks disinfection improvements and the Mt. Tabor, Washington Park chlorination improvements, and provide for payment (Ordinance; amend Contract No. 28432)
Disposition: Ordinance No. 167793. (Y-5)

City Auditor Barbara Clark

- 983** Certify abstract of votes for Municipal, Non-partisan Primary Election held on May 17, 1994 (Report)
Disposition: Accepted.
- *984** Reduce sidewalk assessments (Ordinance; amend Ordinance No.s 167493, 157830, 162594)
Disposition: Ordinance No. 167794. (Y-5)

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REGULAR AGENDA

S-*951 Authorize extension to Legal Services Agreement with Hoffman, Hart and Wagner (Ordinance)

Discussion: Britta Olson, Acting Clerk of the Council, said a substitute ordinance was filed and distributed. Commissioner Lindberg moved the substitute and it was seconded.

Disposition: Substitute Ordinance No. 167795. (Y-5)

***955** Provide three full-time officers to perform duties related to the prosecution of crimes with Multnomah County District Attorney's jurisdiction (Ordinance)

Discussion: Paul Richmond, PO Box 454, 97207, said he understood that this ordinance was another component of the Community Policing Plan to redistribute officers' functions. He said that only 41 of the 143 officers hired in the past four and one-half years have been assigned to precinct patrol duty, according to the February, 1994 City Auditor's report. In the same time period, the Tactical Operations division has grown from two to 56 officers. Mr. Richmond said current community policing is in response to riots and outbreaks of the 60's and not part of normal policing functions.

Disposition: Ordinance No. 167796. (Y-5)

946 **TIME CERTAIN: 9:30 AM** - Direct the Bureau of Water Works to submit a corrosion control compliance plan to the State of Oregon Health Division (Resolution)

Discussion: Commissioner Lindberg said this directs the Water Bureau to comply with a federal requirement to submit a plan to the State Health Division by July 1st to deal with lead and copper in the drinking water, basically controlling corrosion in our supply. The Environmental Protection Agency has insisted that the only way to meet their requirements is by chemically treating the City's entire water supply. In this case, that would mean additives, which, among other things, would make the water harder.

Commissioner Lindberg said he directed the Water Bureau, when this came to his attention a couple of years ago, to do comprehensive analyses of all the trade-offs and look for creative solutions. Three particular problems bothered him about the EPA's directed solution: 1) the cost - \$3 million to construct a treatment plant and \$750 thousand to operate it; 2) local companies, particularly the high tech sector, who rely on untreated

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water; and 3) how much citizens value the pure Bull Run water supply. Adding chemicals changes the nature of the water and there may be unknown, adverse health impacts.

Much time and effort has been spent exploring non-chemical means to control water corrosion, Commissioner Lindberg stated. For several years, the Water Bureau has been replacing fixtures and lead-leaching parts in the system. Next year will complete the conversion to non-lead "pigtailes" which connect certain residential water meters to water lines. The minority of houses that have lead-leaching plumbing are being identified and affordable plans for replacement are being designed. Also, citizens are being educated to flush their lines.

Unfortunately, EPA has given non-chemical approaches the cold shoulder, saying that to rely on certain behaviors by consumers is not as reliable as treating the entire system. However, there is a possibility to make Portland a pilot program for a dual-track approach, to see if working with the community is a more cost-effective solution.

Mike Rosenberger, Water Bureau Director, said he, staff and consultants will describe the recommended alternative, its regional significance, recommendations of their contractors and the Water Quality Advisory Committee and follow up on their approach to EPA.

Mort Anoushiravani, Water Bureau Engineering staff, said that in 1991 EPA promulgated a new lead and copper rule which basically requires large water systems to optimize corrosion treatment. As a part of the rule, a treatment strategy must be submitted to the Health Division by July, 1994 and then put in place by January, 1997. An 18-month study which included lab test analyses as well as looking at analogous systems has been conducted. A nationally-known technical advisor looked at the different treatment alternatives and recommended a chemical treatment which includes the addition of lime and CO₂ to adjust the pH and alkalinity. They have been looking at the non-chemical approach, although it is not in the purview of the existing rule and there is no flexibility in the rule to allow it. The public has also asked them to look at this approach.

Mr. Anoushiravani said the base recommendation, regardless of which alternative is picked, holistically looks at the effect the chemicals will have and how big the lead problem is in Portland. Chemical treatment may have an adverse effect on the distribution system. They want to know that ahead of time and minimize

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water quality problems. They will work with the State to ban lead-containing fixtures and expand the public information/education program to target infants, an at-risk population segment. The chemical treatment option involves the design and building of treatment facilities. They then need to do the studies that would generate the data and information from analyses to evaluate non-chemical treatment.

Mr. Anoushiravani said there are three options: first is the rule's requirement to design and bring the chemical facilities on line before January 1, 1997; second is the non-chemical approach; and third is a dual-track which will allow evaluation of the non-chemical options and delay the decision on construction for a year, while working with the regulators, to find possibilities to follow through. The dual-track would also allow for the design of the facilities to comply with the regulatory deadline.

Mr. Rosenberger said bureau staff had spent a lot of time with the Water Quality Advisory Committee and had numbers of public meetings with them. The Committee recommends that the Council adopt the dual-track approach. The Water Bureau wholesales to 22 other water providers in the region who are represented by the Water Managers' Advisory Board. This board also recommends the dual-track approach. Mr. Rosenberger said these were three fairly distinct options, with the dual-track approach having the most promise. While money will be spent to begin the design of a facility that may or may not be built, it will be on line to comply with the rule if that is what the City decides. At the same time, there will be an opportunity to do additional evaluation and analysis on our particular system, working with the State health department, Multnomah County and our own internal information and sampling analysis. There will be time to assess whether or not, given the low minimal level of lead problems in our system, a source-reduction strategy makes more sense than a chemical corrosion treatment. The Bureau has talked to EPA about this. Commissioner Lindberg will be in Washington next week giving testimony on Bull Run legislation and will probably have more meetings with top-ranking EPA people. Mr. Rosenberger noted that there is nearly unanimous support for the dual-track option.

Mayor Katz said she understood that social service agencies were just about the only ones to have the waiver ability within the law. She asked if EPA statutes provide for a waiver or would it have to be placed into law.

Mr. Rosenberger said, in a lot of the regulatory arenas -- the Safe Drinking Water act, the Clean Water act -- the EPA administrator

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does in fact have some flexibility. The lead and copper rule is almost the exception. It is very tightly written, although there are some alternatives that can be explored with EPA in a legislative or judicial arena, as well as in an administrative arena. He noted that EPA's feedback so far is a willingness to have a dialogue.

Mayor Katz asked what the timeline was for the flexibility/waiver that was just described.

Mr. Rosenberger answered as soon as possible within the next year. They intend to push this very hard within the next few months and this legislative session presumably is a good window of opportunity.

Mayor Katz said although the flexibility is somewhat limited, the City may be allowed to proceed with the non-chemical treatment either through legislation or judicial action.

Commissioner Lindberg said the filtration systems requirement was a similar situation; a blanket, nation-wide regulation. A couple of lines put into the Safe Drinking Water act some years ago had some exceptions that applied to Portland that saved \$100-200 million. He thinks this will be challenging, as that was. The key will be if it is simply not going to work, we will be in compliance.

Frank Gearhart, President of Citizens Interested in Bull Run, said they had been watching this for the past couple of years with mixed feelings. He emphasized that EPA regulations cover the nation. Less than 10 percent of Portland households are involved in the lead problem and area health officers have found virtually no lead in Portland infants.

Faith Ruffing, 1437 SW Hall, said she was opposed to adding anything to the water unless it was absolutely necessary and she supports option three. Ms. Ruffing suggested that those houses with the lead problems be offered help with costs.

Commissioner Lindberg says this is consistent with what the Council did with the Bull Run legislation.

Disposition: Resolution No. 35283. (Y-5)

985

Accept bid of Contractors, Inc. for headworks replacement project at the Columbia Blvd. Wastewater Treatment Plan for the Bureau of Environmental Services for \$20,853,700 (Previous Agenda 931)

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Discussion: The Acting Clerk of the Council said Commissioner Lindberg requested that this item be followed by items 997, 998 and 999.

Commissioner Lindberg said that as a result of citizen testimony and Council direction last week, the Bureau of Environmental Services was asked to go back and work with the prime contractor to see if we could do better in the MBE/FTE area.

Carleton Chayer, Purchasing Agent, said they met with Contractors, Inc., to discuss improving MBE/FTE participation. The company increased its participation by approximately \$225,000 and added two minority firms during the past week. Also, the second tier subcontractor, the largest subcontractor on this project, subcontracted a large part of their project to a MBE and a WBE firm so approximately nine minority firms will now be participating on this project for about 18.6 percent. Contractors, Inc. also identified seven other areas that they will be contracting to MWESBs. MWESB participation is now at 29.4 percent.

One issue they were asked to look into last week, Mr. Chayer said, concerned credit for MWESBs working beyond their current certification codes. Credit will be given to promote mentoring.

Regarding Designed Automation's testimony that their subbid was not properly compared, Mr. Chayer said they carefully reviewed the process, examined the winning subcontractor's bid and found it was handled in a fair manner. In doing this, they found that Designed Automation does not meet the minimum experience requirements set out in the specifications.

Mr. Chayer believes Contractors, Inc. has cooperated fully in resolving these issues and in promoting MWBSE participation and therefore he recommended they be awarded the contract.

Darrell Simms, Bureau of Environmental Services, confirmed that Contractors, Inc. has been very cooperative and has increased communication with the minority community, mainly in North and Northeast.

Madelyn Wessel, Deputy City Attorney, said the City needs to continue working hard on bid specifications and develop opportunities to break out portions of the bid so smaller units of work are available to spread to the MWBSE community. She said it was also very important to continue working on communication.

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Mayor Katz, noting the delay of a week, thanked Contractors, Inc. for the commitment to MWESB.

Disposition: Accepted; prepare contract.

Commissioner Mike Lindberg

***997** Authorize contract with Contractors, Inc. for the construction of the CBWTP Replacement Headworks Project No. 4958 and provide for payment (Previous Agenda 937)

Discussion: James Posey, Work Horse Construction thanked the Council for the sensitivity to these issues and also noted that there was a lot more to be done in this area. He said these efforts need to ensure that the resources and opportunities reach those who need it most.

Disposition: Ordinance No. 167797 as amended. (Y-5)

***998** Amend contract with Century West Corolla for the design, bid and award and construction support services for the CBWTP Replacement Headworks Project No. 4958 and provide for payment (Previous Agenda 938; amend Contract No. 28188)

Disposition: Ordinance No. 167798. (Y-5)

***999** Amend contract with W. Johnson & Associates for project management services for the CBWTP Headworks Replacement Project No. 4958 (Previous Agenda 939; amend Contract No. 28161)

Disposition: Ordinance No. 167799. (Y-5)

Mayor Vera Katz

***986** Adopt a Supplemental Budget for FY 1993-94 of \$157,628,125 and make budget adjustments in various funds (Ordinance)

Discussion: Ruth Roth, Bureau of Financial Planning, said 70 percent of this had to do with bond refinancing or new bond debt in the various funds; about 20 percent involves recognition of additional beginning fund balances; and the rest deals with additional revenues coming into the City funds. This is essentially the final 93-94 budget action. The budget is certified by the Tax Supervising Commission.

Disposition: Ordinance No. 167800. (Y-5)

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987 Adopt recommendation for expenditure of State-shared revenue in FY 94-95 (Report)

Discussion: Mayor Katz read the compliance with State Revenue sharing provisions statement into the record. As in prior years, it is proposed that this revenue be allocated in equal parts to support fire prevention and police patrol services.

Disposition: Adopted.

988 Certify that certain services are provided by the City for eligibility of State share revenues. (Resolution)

Disposition: Resolution No. 35284. (Y-5)

***991** Elect to accept funds from the State of Oregon under the State Revenue Sharing Program for FY 1994-95 (Ordinance)

Disposition: Ordinance No. 167801. (Y-5)

989 Adopt the annual budget of the City and establish appropriations for the fiscal year beginning July 1, 1994 (Ordinance)

Discussion: Tim Grewe, Director of Financial Planning, said the budget was in accord with Council directives and with the Tax Supervising Commission which stated it will certify the budget.

Mayor Katz asked about the \$250,000 item for the homeless programs and the City Hall design.

Mr. Grewe said the City Hall design will be a contract coming before Council and their recommendation was to handle the necessary technical budget actions as part of the first period report next year. He said, regarding the homeless programs, what could be done right now is a contingency transfer and the contingency could be restored if additional balance dollars become available.

Commissioner Kafoury asked about the time-critical factor regarding the homeless programs in view of Multnomah County finalizing their budget, too. She did not want to amend the budget today, just to ensure that the Council knew about the item.

Mayor Katz apprised the Council that Commissioner Kafoury, Multnomah County Executive Bev Stein, Community Development and PDC have identified the homeless issue and been asked to look at what kind of commitment to make for years to come. The debt

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that has developed will be split between the City and County but at what ratio is not yet known.

Commissioner Kafoury said the tentative agreement to pay off the debt in the homeless action fund included the County upping its contribution to Emergency Services, adding one-half million into their budget for these services. She said the City gets the downtown core homeless and the County is doing more for children and families.

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

990 Levy taxes for the City for the fiscal year beginning July 1, 1994, and direct the Director of Financial Planning to submit said tax levy and other certifications to the County Assessors of Multnomah, Clackamas and Washington counties (Ordinance)

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

992 Close three City funds and transfer the remaining balances effective June 30, 1994 (Ordinance)

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

***993** Authorize the Mayor and the City Auditor to execute a labor agreement between the City and the Portland Police Association (Ordinance)

Discussion: David Shaff, Employee Relations Office, said this reflects the biggest rewrite of this contract since it was originally negotiated. The collaborative bargaining method was used.

Roger Morris, Portland Police Association President, 808 SE 19th, thanked the Council for the direction provided to the Bureau of Personnel on the collaborative bargaining process.

Mayor Katz asked his opinion of the collaborative bargaining style.

Mr. Morris said that both the old-style positional and the collaborative bargaining have good and bad days, but he thinks the collaborative process works best.

Paul Richmond, PO Box 454, 97207, advised Council to take care of the employees they already have rather than increasing the number.

Commissioner Blumenauer said the operation of the Police Bureau has been an area of great change. He thinks it signals well for

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community policing that this contract is being recommended by both City and union management.

Commissioner Kafoury said she had a small concern about overtime hours, but agreed that there was a tremendous combination of leadership that has really benefited the community.

Mayor Katz noted that it truly was a collaborative process. She said the officers are more positive, upbeat and feel better about their work and their relationship with the association.

Disposition: Ordinance No. 167802. (Y-5)

994 Amend the boundaries of the North/Northeast Portland Enterprise Zone to add land owned by Oregon Steel Mills (Previous Agenda 872)

Mayor Katz that this item has been brought up again to the full Council because of the original tie vote.

Commissioner Blumenauer said he was pleased that this item did not die on a technicality because it is an important and fundamental issue. He saw no problem with Oregon Steel seeking the Enterprise Zone expansion and tax benefit. It is a well-run company and claims a significant number of employee owners. He understood why many Oregon companies who feel mugged by the Oregon State tax system might seek reductions in local property taxes. That is rational behavior on their part, but it is not rational behavior for Council to try to make up the difference. High property taxes are not the problem for Oregon Steel Mills. Unlike most homeowners, businesses have seen their property taxes cut dramatically because of Measure 5.

Commissioner Blumenauer said the Enterprise Zone was established by the legislature in a different era to try to create economic activity, business expansion and new jobs. It is not working. PDC says this is just the beginning and there are 900 acres they will take out of the Enterprise Zone to add to other businesses outside the Enterprise Zone. He said this was not what the legislature intended and it is not appropriate. Even the amended Enterprise Zone will not create any new jobs--it, in fact, permits the reduction of jobs. Oregon Steel will expand if it makes economic sense in a competitive market the same way ESCO, Gunderson and other businesses will. There is no discernible public benefit in extending this tax break. The company will replace normal turnover with 25 percent hired from the Enterprise Zone and cost about \$50,000 per job. There are other job programs. What will create the economic health of this community

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is to set priorities for our investment: investing in public safety, transportation, housing that young families can afford and making every effort to make the education system work. Businesses will always seek reduction in taxes--that is their job. The Council's job is to evaluate those requests and set community priorities. Approval of this action will not only divert money from higher purposes, but will set the stage for an unending series of requests for property tax abatement and direct expansion. The City cannot afford it and should not do it.

Commissioner Hales said he would not support a parade of tax abatements but he thought this was warranted. First, it is an investment for future tax increases in revenues and second, the street life of a neighborhood should be active with stores and housing mixed together. If an area simply packages and sells what others produce, the economy will wither. Because this industry is international, this is an unusual case.

Commissioner Kafoury said the last year's volumes of material discussing Prosperous Portland, with businesses defining what they wanted from the City, talked about tools used but not about big tax breaks. Until Council is very clear about the criteria and policy, she will continue in opposition. She noted that a resolution passed this morning defined what services are provided by the City: fire, police, street construction, sewers, planning, parks, and water. There was nothing about incentives to business. The basic services that the City is uniquely competent and qualified to give provides for the business community by allowing it to do its business. She said there was a need to focus, rather than expanding services. Commissioner Kafoury pointed out that this will affect other taxing districts and other businesses in the community who are going to wonder why they do not get the same deal. Also, there has been a continuing shift in who pays the property tax burden in this state, with the shift going from business to the homeowner, which makes the climate here favorable to business. She said this is not the time to give a very large tax break to one particular, albeit worthy, business.

Commissioner Lindberg favored the partial tax abatement for Oregon Steel because the benefits far outweigh the costs. Citizens in the poorest neighborhoods will be the beneficiaries and it will be a living example of the human investment strategy. The modernization investment will ensure the longevity of the company's presence, protecting 700 well-paid jobs. In five years, there is a loss of taxes, but in ten years, much more will be gained. Not only will 700 jobs be protected, but annual hires of 70-90 jobs would go through Jobnet and be filled by inner-city residents.

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Over the seven year contract, it ensures citizens' access to between 490 and 630 jobs and some of the neediest will have this access. The average Oregon Steel employee earns \$50,000 a year, including benefits. Oregon Steel is partially owned by its employees. The Enterprise Zone approach has been a failure in some other cities, but here it is succeeding. To date, the zone in North/Northeast has created or retained 900 jobs with average pay exceeding \$10 an hour. The risks are small, with a loss of abatement if conditions are not met. There is strong support from the Oregon Economic Development department. The City should help existing companies, not just try to attract new ones. There should be some improvements in this process, such as earlier consultation with other tax districts and criteria needs to be discussed.

Mayor Katz noted that there is a working strategy to ensure that parts of the City, especially North/Northeast and outer Southeast, can increase annual income and lower unemployment. One of the tools is a comprehensive strategy to build on key industries, with incentives to ensure they hire from those geographic areas that need special help. She emphasized that the City is lucky to have a metals plant. Expanding the industrial tax base will help pay for fire and police. She agreed that a clearly-articulated policy was necessary.

Disposition: Resolution No. 35285 as amended. (Y-3; N-2, Blumenauer and Kafoury)

995 Qualify Oregon Steel Mills for Enterprise Zone tax abatement with a loss of employment (Previous Agenda 873)

Discussion: Barbara Sarantitis, Friends of Seasonal and Service Workers, said many people were concerned about this \$10 million tax abatement's effect on schools and public services. She said, regarding hiring in North/Northeast, Metro's data shows a net loss of jobs over the last nine years. She said the history of the Enterprise Zone here has been detrimental to low-income working people and referred to the Nabisco tax abatement which allowed it to automate and, eventually, half the work force was laid off. She cited reports that Enterprise Zones have essentially failed to create jobs and that they set up competition between cities. Ms. Sarantitis said they were opposed to any Enterprise Zone extension and asked Council to abolish the Enterprise Zone entirely. She advocated building small, local businesses to build a strong community from the bottom up.

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Rosalie Randall, 1509 NE 10th Ave., Northern Coordinator Ad Hoc Coalition of Concerned Medical Professionals, said Enterprise Zones are hazardous to the health and safety of all who live and work in them, as well as the surrounding community. She said jobs in the zones overwhelmingly pay only 150 percent of minimum wage or lower and provide no medical benefits to workers.

Mayor Katz asked Ms. Randall to detail in writing what Enterprise Zone companies, in this city, do not provide health benefits or have been in violation of standards.

Sandy Willow, Operations Manager, Friends of Seasonal and Service Workers, 2936 NW Savier St., urged the Council to vote for the 95 percent of those in the City who would be harmed by a yes vote on this measure. She said they have tried to provide Council with additional information from hundreds of Enterprise Zones across the country where opposition has been organizing for 22 years. If the criteria is decent-paying jobs that last and that have health and safety benefits, she said every study and example in the country has disproved the effectiveness of Enterprise Zones.

Roger Gilmore, owner of Gilmore's Nursery, said he was a private contractor with Oregon Steel for 13 years and that he hired 100 percent minority workers who live in the north end of town. He said they did a real good job for a big company and spend a lot of money in that community and maintain their property.

Steve Jones, owner of a metal fabrication company in North Portland, said he employs 40-50 people in his shop. He is also a member of the Sheet Metal Contractors National Association, which represents approximately 29 contractors, 25 percent of which are in the North/Northeast area. They have been losing a lot of jobs as the local paper industry is suffering severely. Oregon Steel has been their largest account for over seven years and 95 percent of his employees are directly affected by them. The proposed rolling mill expansion could mean 25 or more jobs in his company and, along with local subcontractors he uses, could total 50-75 jobs. He felt this expansion could help keep his company and many like it afloat and that this was economic development.

Bob Kleffner, Air Products and Chemicals, said they were suppliers to Oregon Steel, their largest customer, and were proud of the relationship. He thinks they have a significant effect on other businesses in this area and that it is important that they be able to compete on a global basis.

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Brian Gattuccio, Ebony Iron Works co-owner, said they were ESB, MBE and DBE certified by the State and located in North/Northeast Enterprise Zone. He said Oregon Steel has been supportive to the community and local businesses. He said, as a new company, they need them and intend to grow with them.

Greg Cox, Empire Security, said Oregon Steel is also their largest account and has provided a lot of additional employment for their industry.

Jerome Scott, Executive Vice-President of Coast Industries, a subsidiary of Empire Security, said he looks forward to doing business with Oregon Steel.

Ben Walters, Deputy City Attorney, asked that the vote be set over until the afternoon in order to clarify the May 18th amendment.

Disposition: Continued to June 15, 1994 at 2:00 p.m.

Commissioner Earl Blumenauer

***996**

Authorize Bureau of Maintenance Pilot Sidewalk Repair Program aimed at minority, women-owned and emerging small businesses (Ordinance)

Discussion: Commissioner Blumenauer says this is the challenge that the Transportation operations have faced--that of less money but more to do, such as the American Disabilities Act compliance. This is a proposal to shift the work in progress using the existing sidewalk employees to accelerate work with ADA. Efforts have been undertaken with the Purchasing and Maintenance Bureaus to allow the minority enterprises to contract for all the work previously done by City employees.

Toby Widmer, Director Bureau of Maintenance, said the City had a Charter responsibility to notify citizens of sidewalk defects and hazards and then there are three options: 1) make repair themselves; 2) hire a contractor; and 3) City repair. This proposal allows the Bureau to hire minority and women-owned and emerging small businesses to bid for and do the City repairs. The Bureau has worked closely with Union Local 483, Purchasing and the City Attorney's office.

Loretta Young, Bureau of Purchases and City Minority, Women and Equal Opportunity Liaison, said three outreach meetings were held that included existing sidewalk contractors and MWESB people to get ideas on setting up a pilot program to fit their and the City's needs. They also met with bonding companies to explain

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the program and encourage them to provide bonding to these contractors. As a result of these meetings, a program was set up where only MWESBs are eligible to bid. There is a pre-qualification program to ensure that all contractors can perform high-quality work. An accelerated pay program, much like the successful North Precinct and headworks projects, has been set up. Also, a Maintenance Bureau inspector has been assigned to work daily with these contractors to ensure their success. Ms. Young said they hoped this pilot program will assist these small companies to grow into larger, successful businesses. She noted that the program also incorporated suggestions by the Associated General Contractors and other industry representatives.

Madelyn Wessel, City Attorney's office, said this program exactly represented the direction the Council asked staff to take, to look for opportunities to create smaller, doable units of work.

Commissioner Blumenauer said there would be a report back to Council within the year to see what progress has been made and what has been learned. Hopefully, starting small will help guide future efforts in this area.

Mayor Katz hoped this would include a baseline to see if, in fact, these smaller businesses are actually growing because of these actions.

Commissioner Lindberg said this is an excellent example of creativity and would be valuable to other bureaus. They can look at this as a model to break out the work and get better results in this area.

Disposition: Ordinance No. 167803. (Y-5)

City Auditor Barbara Clark

1000 Assess property for sidewalk maintenance for period of October, 1993 through April, 1994 (Ordinance; Y0511)

Disposition: Passed to second reading June 22, 1994 at 9:30 a.m.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 15TH DAY OF JUNE, 1994 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ruth Spetter, Senior Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

995 Qualify Oregon Steel Mills for Enterprise Zone tax abatement with a loss of employment (Previous Agenda 873)

Discussion: Commissioner Hales moved the amendment, Commissioner Lindberg seconded and it was carried.

Disposition: Resolution No. 35286 as amended. (Y-3; N- Blumenauer and Kafoury)

Commissioner Charlie Hales

***1001** Amend the Comprehensive Plan map and change the zone of property at 8314 SW 20th Avenue, near Multnomah Boulevard, from R5, Residential, to CG, Commercial (Ordinance; 94-00022 CP ZC)

Discussion: Ruth Spetter, City Attorney, instructed Council on the rules.

Mayor Katz asked for declarations of conflicts of interest and ex parte contacts. There were none.

Mike Hayakawa, Bureau of Planning, said this zone change is to remove zoning language that cuts through a piece of property. The applicant was cited for zoning and nuisance violations. In order to develop the property as an auto restoration business, the applicant first needs to remove the zoning line which divides his property. The staff was supportive of the application and the Hearings Officer agreed with the staff. Planning staff and the Hearings Officer recommend approval of the map amendment and zone change with the condition that the applicant be required to comply with all the violations specifically identified in the decision.

Mayor Katz asked if there were a time line to meet the conditions.

Mr. Hayakawa replied that the applicant was given 30 days to comply with all the identified violations. The 30-day deadline was

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kept by the Hearings Officer, knowing it would take a month for this to come before Council, so the applicant has been well aware of the deadline for approximately 90 to 120 days. Mr. Hayakawa showed slides that were about four months old and noted that there had not been any significant improvement in the situation.

Deborah (no last name given), the applicant's fiance, said some work has been done recently. Also, a number of the vehicles belong to the applicant's roommates, who are moving in the coming weekend.

Commissioner Hales asked if she knew if the applicant was aware of the 30-day condition and she said he was.

R. Lee Smith, 3927 SW Martins Lane, said that his four-plex abuts the subject property on the north and has been adversely affected by the junkyard, with prospective renters turning away as soon as they see it. He submitted pictures taken within the past 10 days that showed no improvement. Mr. Smith had formally complained to the City since January, 1993, with no substantial results. He said he could agree to the zone change if the noted code violations are met within 30 days and that the new garage have the condition of temporary occupancy for a year or more to ensure future compliance.

The applicant's fiance said he was in the process of cleaning it up and has secured a loan to tear the dilapidated house down and construct the new garage. She added that the applicant had been told at the time of purchase that the property was zoned commercial.

Commissioner Kafoury asked that Mr. Smith be given a better explanation from the Bureau of Buildings as to why it has taken so long.

Sterling Bennett, Bureau of Buildings, said the dates Mr. Smith cited are accurate. Generally, the Bureau's policy is that if there is a land use review available which may correct the violation, the property owner is given the opportunity to go through that process. The pre-application conference was held in June, 1993, and ideally the complete zone application and review would quickly follow. Mr. Bennett was not optimistic about the applicant's 30-day compliance, given his history.

Commissioner Hales observed that a crane and flatbed truck could accomplish quite a bit in a short time.

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Commissioner Kafoury thought Mr. Smith had been remarkably patient with the errors, or lack of funds, on the City's part. She emphasized that if the 30-day compliance is not met, that should be it.

Commissioner Blumenauer noted that the zone change would not make the junkyard legitimate, as it is not allowable in either zone.

Mr. Bennett said there was a nuisance posting awaiting today's decision. The exterior storage of junk cars is a CG allowed use; however, screening would be required.

Commissioner Hales said, although there was little doubt on this case, it was worth pursuing this for future problems and streamlining. He asked why code enforcement action waits for the land use review, as the violation pertains to either zone designation.

Mr. Bennett said policy in all cases, even with an outstanding code violation, is to suspend enforcement if there is a land use review available which may lead to correction of the violation. Property owners are given the opportunity to voluntarily correct violations, and an avenue of correction may be a land use change, or conditional use.

Mayor Katz asked if there were a time limit on that, noting that Mr. Smith had been waiting for several years.

Mr. Sterling said they did not have a set policy. Generally, a person gets one crack at a land use case and could not be turned down one day and return the next with a new application.

Commissioner Kafoury said she would definitely work with the bureau as this policy is a disgrace. If there is a violation and the zoning change has nothing to do with it, there is no reason for non-compliance.

Mr. Smith said, although he owned his property for 12 years, he did not get notice of the zone change but happened to see the sign on the property, which was partly why he was in Council rather than the hearing.

Commissioner Kafoury said they would work with him on this and that he will get a better response in the next 30 days than he had in the past 300.

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Brian Houston, applicant, said he was partially held up in complying as it would have been another violation to work on the cars outdoors. Since meeting with the Bureau of Buildings, he has sent dismantling slips into DMV.

Commissioner Blumenauer stated that there was concern that Mr. Houston would continue to create shambles of his property and therefore deteriorate the surrounding property values. The hope is that cleaning up the lot and the construction proceed in a timely and thoughtful manner.

Disposition: Ordinance No. 167804. (Y-5)

At 2:35 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Britta Olson

By Britta Olson
Acting Clerk of the Council