



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 14TH DAY OF SEPTEMBER, 1994 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales and Kafoury, 4.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Harry Auerbach, Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

Agenda No. 1483 was pulled from Consent. On a Y-4 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

Mayor Vera Katz

1469 Confirm appointment of Wayne Glasnapp to the Building Code Board of Appeal (Report)

Disposition: Confirmed.

1470 Confirm appointment of Brigid Flanigan and Chris Kopka to the Design Commission (Report)

Disposition: Confirmed.

***1471** Create one Planner in the Planning Bureau and one Public Safety Aide in the Police Bureau in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Ordinance No. 168090. (Y-4)

Commissioner Charlie Hales

***1472** Authorize Execution of Intergovernmental Memorandum of Understanding with the City of Gresham regarding the Springwater Trail Corridor (Ordinance)

Disposition: Ordinance No. 168091. (Y-4)

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- *1473** Authorize Purchasing Agent to sign a Purchase Order as a contract with Physio-Control Corporation for defibrillators for the Fire Bureau at the estimated amount of \$69,850 without advertising for bids (Ordinance)

Disposition: Ordinance No. 168092. (Y-4)

- *1474** Accept a grant from Multnomah County in the amount of \$43,814 for FY 94-95 for operation of an integration program for senior citizens who have mental retardation/developmental disabilities (Ordinance)

Disposition: Ordinance No. 168093. (Y-4)

- *1475** Authorize agreement with The Musical Company for the management and operation of the Scene and Costume Shop (4337 N Houghton) for their theater production operations (Ordinance)

Disposition: Ordinance No. 168094. (Y-4)

Commissioner Gretchen Kafoury

- *1476** Authorize contract with Chris Michael DiLoreto, Architects, for design of North Precinct Police facility remodel for \$59,920 and provide for payment (Ordinance)

Disposition: Ordinance No. 168095. (Y-4)

- *1477** Increase contract with McBride Architects for roof management services and provide for payment (Ordinance; amend Contract No. 28213)

Disposition: Ordinance No. 168096. (Y-4)

- *1478** Declare as surplus, property located at 5333 NE 6th Avenue and authorize disposition (Ordinance)

Disposition: Ordinance No. 168097. (Y-4)

- *1479** Contract with Multnomah County for \$27,300 for relocation and moving assistance services and provide for payment (Ordinance)

Disposition: Ordinance No. 168098. (Y-4)

- *1480** Contract with Transition Projects, Inc. for \$17,208 for the Glisan Street Volunteer Laundry and provide for payment (Ordinance)

Disposition: Ordinance No. 168099. (Y-4)

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- *1481** Contract with Central City Concern for \$266,324 for the CHIERS inebriate pick-up service and provide for payment (Ordinance)

Disposition: Ordinance No. 168100. (Y-4)

- *1482** Contract with Goettel & Horner, Inc. for \$70,000 to provide an earthquake risk analysis and benefit-cost analysis of hazard mitigation methods for buildings (Ordinance)

Disposition: Ordinance No. 168101. (Y-4)

Commissioner Mike Lindberg

- 1484** Accept completion of the Willamette Basin test sump Unit 7 project and authorize final payment to S-2 Contractors, Inc. (Report; Contract No. 29240)

Disposition: Accepted.

- *1485** Amend Ordinances to designate Dean Marriott as the authorized grant representative in relation to the Environmental Protection Agency's Wastewater Construction Grants Program (Ordinance; amend Ordinance Nos. 159689 and 163390)

Disposition: Ordinance No. 168102. (Y-4)

- *1486** Authorize purchase of the Hoyt Park pump station on SW Fairview Blvd. from Tualatin Valley Water District by the Bureau of Water Works and provide for payment (Ordinance)

Disposition: Ordinance No. 168103. (Y-4)

City Auditor Barbara Clark

- 1487** Accept report on Fourth Quarter, Fiscal Year 93/94, Minority/Women Business Enterprise participation in City contracts (Report)

Disposition: Accepted.

REGULAR AGENDA

- 1483** Accept contract with N.T.A. Contracting, Inc. for the Mid County test pits as complete and provide for final payment (Report; Contract No. 29231)

Discussion: Cay Kershner, Clerk of the Council, said there had been a request to refer this back to Commissioner Lindberg's office.

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Disposition: Referred to the Commissioner of Public Utilities.

Mayor Katz requested that the emergency ordinances and one resolution on the Regular Agenda be considered prior to the Time Certain.

Commissioner Charlie Hales

- *1491** Authorize sale of a 10,000-square-foot lot in SE Portland to ROSE Community Development Corporation for use as a building site for two new housing units dedicated to serve low-income families (Ordinance)

Discussion: Commissioner Hales said this is a proposal to sell a parcel owned by the Parks Bureau to ROSE which will build low-income housing in the Brentwood Darlington neighborhood.

Dick Sobie, ROSE Community Development Corporation, thanked Council and Parks Bureau staff for facilitating sale of this property to build badly-needed, affordable rental units as part of the revitalization efforts in Brentwood-Darlington.

Disposition: Ordinance No. 168104. (Y-4)

Commissioner Gretchen Kafoury

- 1492** Establish priorities for tax increment funded projects within the South Park Urban Renewal area of the Portland Development Commission (Resolution)

Discussion: Commissioner Kafoury said there has been some juggling around of the remaining tax increment dollars, which are much more flexible than other federal funds. The contract has been renegotiated and First Interstate is ready to pick up a loan for some of the St. Francis Hotel. She said the amount of HOME money left in the project has been reduced to a very small amount and the more flexible money is available for other projects.

Disposition: Resolution No. 35310. (Y-4)

- S-*1493** Authorize the City of Portland, acting by and through the Portland Development Commission, to enter into an agreement with First Interstate Bank to guarantee repayment of a \$450,000 first mortgage on the St. Francis Hotel at the expiration of the loan term, anticipated to be January 1999, with repayment from the 98/99 HOME allocation (Ordinance)

Discussion: Commissioner Kafoury said because of some concern about having the General Fund serve as backup for the loan, the ordinance was rewritten to use PDC resources as the loan guarantee. She moved the

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Substitute; Commissioner Hales seconded and, hearing no objection, the Mayor so ordered.

Disposition: Substitute Ordinance No. 168105. (Y-4)

Commissioner Mike Lindberg

***1494** Authorize negotiations for the purchase of permanent and temporary sewer easements required for construction of the Bloomington sanitary sewer project, to begin condemnation proceedings, if necessary, and obtain early possession (Ordinance)

Disposition: Ordinance No. 168106. (Y-4)

1467 **TIME CERTAIN: 9:30 AM** - Adopt Prosperous Portland, Integrated Policies for Jobs and the Economy, as the City's Economic Development Policy (Previous Agenda 1431)

Discussion: Mayor Katz said both Planning and PDC staff will respond to the issues raised at the last hearing next week. She asked those who had testified last time not to testify again this week.

Randy Miller, Business Development Committee member, said Prosperous Portland is very important because it defines policy, looks at the entire economic and business development process, sets forth operating principles and gives Council a way to monitor progress. The document lays out business development issues the City should address, such as defining the important role of PDC. The document also looks at making small businesses prosper, increasing community-based and international development and strengthening the City's relationship with regional businesses. He said the document represents a tremendous diversity of opinions.

Alan Willis, Port of Portland, said adoption of Prosperous Portland as the City's economic development policy will support the Port's mission and enhance its partnership with the City in a number of important ways. By targeting warehousing and distribution for proactive business development activities, the City has focused on a key component of Portland's wholesale trade. The Port also appreciates its support for the international air service and marine container trade. Another important strategy calls for retaining industrial sanctuaries. Thanks to wise land-use planning, the Port has the area it needs, Rivergate, for inter-modal rail and ship connections, making it the fastest growing container port on the West Coast. Finally, the Port strongly favors the transportation system policy which supports economic development as the flow of commodities in and out of the City is vitally important.

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Morgan Pope, Vice-Chair, Workforce Development Committee and a member of the Policy Steering Committee, discussed workforce strategies in the plan, noting that today's workforce demands higher and higher levels of education, skills and flexibility and these are critical to the success of the community. He said because there is a limited amount of money over which the City has control, Prosperous Portland asks it to coordinate workforce development efforts around a set of targeted industries and challenges the City to embrace the concept of high-performance work teams, quality and customer satisfaction in its own workforce development.

Deane Funk, President, Columbia Corridor Association, showed a plan for the Lents Station area facelift at 92nd and Holgate, an area cut in half by the construction of I-205. PDC and the private sector were very much involved in this planning. He said the Association, with 170 business members, also has its own economic development plan and the difference between it and Prosperous Portland is very small. He said businesses create jobs and wealth and Prosperous Portland responds to their needs in various sections of the City. He said the Association is very happy with Prosperous Portland although he cautioned PDC against getting caught up in glamorous recruitment opportunities and overlooking the implementation of the Corridor plan.

Patrick Mazza, Sustainable Urban Neighborhoods, said a resource-sufficient, sustainable ecological approach should be taken to economic development. He said such an approach assumes that the more efficient the City becomes, the less income will be leaking out of it. For instance, anything that can be done to encourage bicycling and walking would reduce the flow of energy out of the City in the form of reduced fuel bills. More efficient water use should also be considered as a basic economic development strategy, including changing the culture regarding watering lawns. Such changes as increased weatherization and more efficient water use involve building rehabilitation, which translates into new jobs. A more resource-efficient City will not only ensure a more prosperous Portland but ensure that a habitable world is left for our children.

Patricia Scruggs, Scruggs & Associates, representing herself and Pam Brown, Chair of the Energy and Environmental Commission, commented on the inclusion of sustainable development language in the document. She cited other cities which have used sustainable development principles to increase jobs, investment and neighborhood renovation. While Portland is still one of the leaders in sustainable development, it is no longer out front. By including this language in Prosperous Portland, the City can increase its choice, accountability and cost effectiveness.

Don MacGillvray, representing SE Uplift, 3434 SE Main, 97214, outlined the Board's proposed amendments for inclusion in the Prosperous Portland

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document and Goal 5 of the Comprehensive Plan. The proposed amendments include: 1) adopt Appendix 5 of Prosperous Portland as amendments to Goal 5; 2) assure that neighborhood livability will not be compromised by economic development; 3) emphasize the strong link between neighborhoods and businesses; 4) involve neighborhoods and stakeholders in any process modifying development regulations; 5) remove all language implying that all City actions must promote business development; 6) reach consensus on whether the Comprehensive Plan is strictly a guide for land-use decisions or for broader City decisions; 7) if the focus of the Comprehensive Plan is land use, prepare a separate document of City policies incorporating the non-land-use elements of Prosperous Portland; and 8) remove language that states that, with the exception of Appendix F, the policy is part of the Comprehensive Plan. He said while the amendments to Goal 5 went through an exhaustive process, the remainder of the proposed policies and actions did not.

Joanna Brunner, 1615 SE 35th Place, 97214, sociology teacher at Portland State University, urged that the Plan be revised to incorporate the recommendations of Jobs with Justice. She said today's economy has a vast number of low-paid jobs and there has been a tremendous increase in the number of people working part time, making it difficult for people to make a living wage, particularly single women and people of color. Prosperous Portland focuses too much on attracting new businesses and high-wage jobs and does not address the need to improve working conditions and wages for those in low-paid industries.

Richard Gilliam, 1803 SE 33rd, said the improving business climate for minority-owned businesses should include a commitment to set aside a portion of retirement fund contracts for minority-owned asset management firms. There should also be greater access to capital for minority businesses, such as a link-deposit program. Regarding business development (Policy 5-H, Action Item 2), PDC could target a program of technical assistance to those who wish to start businesses in residentially-zoned commercial property. Regarding Policy 7, the City should look at investment opportunities in South Africa now.

Chris Brandt, 2402 SE Belmont, 97214, said this is a very well-crafted document. He said his concern was business district revitalization and he believes the policy tools in this document will allow the City to form partnerships with business and neighborhood associations. He said this is the road to density solutions that will retain livability and keep the capacity for jobs in the neighborhoods.

Marcia Anderson, Chair, Columbia Group, Sierra Club, 747 SE 30th, No. 1, 97214, said more integration is needed of environmental planning with economic development planning. She said Prosperous Portland does not analyze the environmental consequences of all the economic development

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decisions fifty years down the road. The Sierra Club also questions some of the strategies proposed to make this plan more business friendly. She asked if it really should it be a lot easier to get permits or make new developments easier. She urged caution in this area so that regulations are not relaxed to threaten air, land and water.

Diane Meisenhalter, 1905 NE Going, said she is skeptical of strategies that tend to subsidize private sector businesses under the guise of having benefits trickle down to people in the community. She said public partnerships are critical to development of a fair and sustainable economic base, citing as an example a successful Newark, New Jersey revitalization project which focused on job creation integral to the real needs of the community. Funding for community-based housing and economic development are critical if neighborhood renewal is to occur. Energy conservation should also be stressed and public transportation promoted in a way that serves job creation and economic development. Also critical to renewal is the guarantee that new and existing jobs pay a living wage and basic benefits.

Mike Fahey, Metal Trades Council, cited examples where giving tax breaks, i.e. to Oregon Steel and Trammel Crow, did not bring new jobs to the City. He said he heard that Oregon Steel just laid off 107 people while Trammell Crow has cut out the low-income housing it was supposed to provide. He said something is owed to residents and existing businesses. He said in 1983 Portland was \$1400 above the national average for wages while today it is \$1300 below the national average, impacting the ability of residents to pay taxes. Mr. Fahey said about a third of area businesses are being lost to Clark County, where it is cheaper to do business. He said the exodus of people from Portland needs to be addressed and suggested that jobs go to residents of the City or at least the State. He said this may sound like protectionism but people who pay the taxes need it.

Mayor Katz said they will check on his assertions regarding Oregon Steel and Trammel Crow.

Ron Fortune, Northwest Oregon Labor Council, said they have many concerns about tax breaks for businesses, particularly the local work force and family wage jobs. He noted the PAMCORP situation where jobs were filled with workers imported from Texas and Oklahoma. He said someone representing labor should be involved.

John Charles, Oregon Environmental Council, described a "two paycheck" theory of economic development -- the financial paycheck and the quality of life paycheck. He said the new paradigm, also called "green taxation" calls for lowering income taxes, reducing government regulation and imposing higher users fees, including fees on the use of air, water and road use. This would encourage hard work and savings and discourage

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pollution, traffic congestion, etc. He said right now businesses pay taxes for public transportation regardless of whether they use it. Instead, he suggested that Council analyze using congestion pricing to produce revenues which would then allow the Tri-Met payroll tax to be abolished.

Rick Hangartner, 301 SW Lincoln, 97201, said target industries have been a problem in other areas of the country and are subject to litigation when economic winners and losers are chosen. He said in Portland there is a hollowing out not only of low-wage jobs but also of innovative ones. A strong innovative climate is needed as this creates new jobs at all levels which people have not even thought about before. He said the plan seems to be addressed to a narrow slice of the pie rather than addressing how Portland innovates for the future.

Mayor Katz left at 10:40 a.m.

Jim Francesconi, 2230 NE Alameda, stressed the need to have follow-up mechanisms in place once this is adopted. He said he was a part of the First Source Hiring effort in 1989 which called for 30 percent of new jobs to go to targeted inner-City neighborhoods and 50 percent to Citywide residents when tax incentives are used. However, they did not have a follow-up mechanism and so raised expectations which were not met. He said the focus should be on the 50 percent equation and the City should establish a process to see that these things actually happen.

Commissioner Kafoury asked if staff had reviewed the proposals already made.

The Clerk noted that Mr. Glascock had distributed a memo reviewing the recommendations made regarding Goal 5 of the Comprehensive Plan.

Paul Richmond, PO Box 454, 97207, said the plan has vague, minimal encouragements for local businesses. Instead, it encourages people to be part of a global, international work force.

Bill Resnick, Committee for Sustainable Economic Development, said he reserved the right to testify next week on the response of the Portland Development Commission and Planning Bureau.

Commissioner Kafoury asked him to submit written remarks as no public testimony will be taken at the Second Reading.

Mr. Resnick said the business inducement strategy has not worked in any city and Council should debate this issue. Without specific direction to raise income across the board, Prosperous Portland exacerbates the polarization of income and will further impoverish the majority of people whose incomes have been going down for the last 20 years. Capital

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attraction strategies do not achieve more investment in jobs, they just redistribute them. Each time companies leave one area for another, wages are lowered.

Disposition: Passed to Second Reading September 21, 1994 at 9:30 a.m.

- *1468** Amend Goal 5, Economic Development, of the City's Comprehensive Plan and adopt the Goal, Policies and Objective statement of the City's Economic Development Policy (Previous Agenda 1432; amend Ordinance No. 150580)

Disposition: Continued to September 21, 1994 at 9:30 a.m.

- 1488** Encourage statewide public participation before Boards, Commissions and Committees (Resolution introduced by Mayor Katz and Commissioners Blumenauer, Hales, Kafoury and Lindberg)

Discussion: Commissioner Blumenauer said he has heard concerns about the difficulty citizens in other parts of the State have in participating in government hearings, giving disproportionate influence to metropolitan area and Willamette Valley residents. He said this gives priority to those citizens appearing before State Boards and Commissions who have traveled more than a 100 miles to testify. He said he has received uniform and enthusiastic response to this along with suggestions for improvement. He moved the amendments he had distributed to Council, including one that urges the State to schedule meetings of statewide importance on Tuesdays, Wednesdays and Thursdays.

Hearing no objections, Commissioner Kafoury, as President of Council, so ordered.

Disposition: Resolution No. 35311 as amended. (Y-3)

Mayor Vera Katz

- 1489** Maintain a safe work environment at the City of Portland (Resolution)

Discussion: Commissioner Kafoury asked about the need to focus on the safety of employees from members of public as well

Liana Columbo, Deputy City Attorney, said the focus here is on the work force itself, based on several incidents last year involving employee-to-employee violence, and this is a statement of zero tolerance for that.

Commissioner Kafoury said she is concerned about public safety in general

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and it might be worthwhile to address that.

Disposition: Resolution No. 35312. (Y-3)

Commissioner Earl Blumenauer

1490 Consider vacating a portion of NE 120th Avenue between NE Glisan and Davis Streets at the request of Powell Development Company (Hearing; Report; C-9859)

Discussion: Commissioner Hales noted that this relates to the Target/Safeway project.

Disposition: Approved. City Engineer Prepare Ordinance.

City Auditor Barbara Clark

1495 Create the SW Pasadena/37th Local Improvement District (Hearing; Ordinance; C-9820)

Discussion: Dan Vizzini, Auditor's Office, said they received one written remonstrance and a few objections from waived properties on this project.

Michael Hazen, 10927 SW 35th, read his letter of objection to the petition process and to the cost of the project, which should be spread among all in the community who benefit. He said the waived versus non-waived property owner creates an imbalance with regard to individual property rights and it seems unconstitutional to be able to waive your rights to local improvements. He said in this district there are eight non-waived properties and questioned whether four signatures, two of which are not deed holders, constitutes a majority. He said the City spent three years designing a project at the request of less than five percent of the total property owners. The remaining 35 property owners have never been formally asked if they desired this project. He also cited a 65 percent cost increase from the original estimate, noting that the vote to proceed at that point appeared to be about 50/50. Personally, he said he objects to the increased property tax that will follow completion, adding that this will detract from the value of their larger lot and have minimal positive effect on their smaller one. He said their assessment will be 16 percent of the current assessed value on both lots.

Pat Hartman, 3915 SW Pomona, said the expense is too high for a number of the residents, including himself, and paving this area will also increase traffic. He said if this is a public street, the public should pay for it.

Mike Davis, 5970 SW Spruce, said he owns three properties in this LID

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area and favors the project, even though it is expensive, as it will increase the livability of the whole area.

Dean Warner, 11030 SW 37th Ave., opposed the project as there is already a road there that does not need to be improved and certainly not at the estimated cost, citing the 65 percent increase over the original estimate. He said the people who live on 37th between Pasadena and Pomona represent two of the non-waivered properties and the others who live on 37th also oppose the project. If the project does proceed, he called for removal of that block. He questioned the constitutionality of the waivers and asked if the City benefits from Bancrofting.

Commissioner Blumenauer said the City does not benefit from Bancrofting, adding that the benefits are to the property owners who bought their property at a lower value originally because the street improvements were not in place. When that is not done, waivers are required so that people will pay for them later.

Mr. Warner expressed concern about traffic safety if the street is paved.

Deborah Miller, 10939 SW 37th, agreed with Mr. Davis and said the improvement would increase livability and a better neighborhood environment. She said the dust is a traffic safety hazard and paving the street will improve that situation while traffic control measures can be taken to slow speeders.

Teresa Berneau, 3833 SW Pasadena, supported the project, noting a great increase in traffic.

Mary Warner, 11030 SW 37th, opposed the project because of its high cost, \$14,000 in her case. She said her street is only two blocks long, between Pomona and Comus, and she does not see the need to have it paved.

Lorraine Gruett, 3705 SW Pomona, opposed because of the cost. She said the two petitioners who started this project were basically developers and she believes they should pay for the paving instead of inflicting costs on the rest of the neighborhood at a later date. She said this is unfair.

Eileen Montgomery, 3628 SW Pasadena, opposed, adding that she cannot afford to pay the \$13,500 assessment which, with interest over 20 years, would push the cost to \$25,000. She said it is unreasonable to spend that much to eliminate a little dust.

Mr. Vizzini noted the City's connectivity policy which dictates finishing the local street system in a network. The City forms local improvement districts based on either a petition, a combination of petitions and waivers, or at the direction of the Council itself. He said in this particular

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neighborhood the City allowed residential property to be built in exchange for waivers on the future street improvements. Those waivers are recorded and any change of ownership recognizes this encumbrance on the property. He said waivers have withstood legal challenge and the City has relied on them to provide the authority for forming local improvement districts, preserving Council's authority to build this or not.

Regarding apportionment of the costs, Mr. Vizzini said City policy has been that local streets are constructed either by the developer or at the expense of the properties immediately abutting the improvement. The argument that Mr. Hazen makes that the City should pay for it is not consistent with historic City policy. He said the costs have definitely gone up due to a number of errors in the original estimate and additional work that responded to drainage and other environmental concerns. He described the City's loan program, noting that with a 20-year loan currently carries an interest rate of 7.25 percent. While that is clearly a hard hit for a single wage earner, the Auditor's Office has a history of working with property owners to manage the cost over time.

Mr. Vizzini said the LIDs coming to Council now are those, such as this one, where development has already occurred and where the time has come to improve the streets to the City standards.

Commissioner Blumenauer said Council is now paying the price for policies that were allowed earlier. He said property sold at lower prices because waivers were in place. Others have held property over time relying on the policies in place. He said he would like the City to have more resources to help underwrite some of the subsidization and make a modest amount available to pay for storm water. He moved to overrule the remonstrances and move forward.

Commissioner Kafoury asked about subdivisions and what is required in new areas.

Commissioner Hales said they require full improvements.

Teresa Culp, Office of Transportation, said in areas where large parcels of vacant land are being replatted for new homes, all the necessary infrastructure is required.

Commissioner Hales seconded Commissioner Blumenauer's motion and, hearing no objection, Commissioner Kafoury so ordered.

Disposition: Remonstrances overruled. Passed to Second Reading September 21, 1994 at 9:30 a.m.

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- 1496** Assess property for private plumbing contracts through August, 1994 (Hearing; Ordinance; P0005)

Discussion: Mr. Vizzini said this finances private plumbing costs as part of the Mid-County sewer program. There were no written remonstrances or telephone objections.

Disposition: Passed to Second Reading September 21, 1994 at 9:30 a.m.

- 1497** Assess benefitted property for the costs of the HCD improvement of N Buffalo Street (Second Reading Agenda 1463; C-9788)

Disposition: Ordinance No. 168107. (Y-3)

- 1498** Assess benefitted property for the costs of the HCD improvement of N Saratoga Street (Second Reading Agenda 1464; C-9789)

Disposition: Ordinance No. 168108. (Y-3)

- 1499** Assess benefitted property for the costs of street and storm sewer improvements on SW 7th Avenue and SW Orchid Street (Second Reading Agenda 1465; C-9797)

Disposition: Ordinance No. 168109. (Y-3)

At 11:35 pm., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 14TH DAY OF SEPTEMBER, 1994 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales and Kafoury, 4.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Pete Kasting, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

Commissioner Charlie Hales

***1500**

Amend Ordinance No. 101650 which granted a zone change on property bounded by NE Broadway, 16th Avenue, Oregon Street and 6th Avenue, to delete the special use restrictions (Ordinance; 94-00330 CC CP ZC)

Discussion: Pete Kasting, Senior Deputy City Attorney, outlined the procedures to be followed.

Tim Barnes, Bureau of Planning staff, said this requests approval of Comprehensive Plan amendments, associated zone changes and a master plan which will postpone required residential development at the site. He noted the applicable approval criteria, adding that the project responds to a reconfiguration of the NE 15th and 16th link which is part of the loop road project for the Lloyd District.

Mr. Barnes showed slides of the site, noting that 15th/16th Avenue has been linked with an S-curve. He said the current zoning is high density residential and the Comprehensive Plan designation calls for it to become Csd (Central City commercial). The proposal is to change the zoning to the north of the S-curve to RXd, a higher density residential zone. The southern portion will change to Csd as recommended by the Comprehensive Plan. The housing overlay will be altered to allow for residential development on the upper lot after commercial development occurs on the southern portion. The Master Plan will allow the commercial development to proceed prior to the residential, rather than concurrently.

Mayor Katz asked why it should happen in that sequence.

Mr. Barnes said this allows some flexibility so commercial development is not held up waiting for market justification of residential development. It also responds to the separation of the two parcels. He said, however, there will be no loss of residential potential at this site in the future. Another aspect is elimination of a 1955 zoning restriction on Site No. 2 which called for retail development similar to that of the Lloyd Center. That

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designation seems to have outgrown its purpose. He said the Hearings Officer recommended two design guidelines to facilitate appropriate design solutions with respect to the neighborhood. Key among these is provision of an at-grade pedestrian access through the vacated right-of-way so that access to the Lloyd District will not be blocked.

In summary, Mr. Barnes noted there will be no loss of housing potential due to the zone change and that creation of the S-curve forms a logical boundary between Sullivan's Gulch residential development and the commercial development in the Lloyd Center.

Steve Pfeiffer, attorney for the applicant, said not only is there a requirement for 54 housing units but with the Rx zoning there is an 80 per acre minimum density so the actual number of units that will have to be built north of the road is well in excess of 100 units in conjunction with retail. He said they have taken CX zoning and actually downzoned it to RX, resulting in a net increase of several hundred units at this particular site.

Mayor Katz asked when the timing would be right for the housing.

Mr. Pfeiffer said Pacific Development, the applicant, will probably not be the developer but it will be an interesting project to watch as the minimum density in the RX zone forces developers to take a very hard look at the numbers. He said the reason the required housing overlay was moved to the north was to free up the southern blocks for retail development independent of residential development.

Commissioner Kafoury asked how they got from 100 to 200 units.

Mr. Pfeiffer said the entire area was zoned CX in the Central City Plan and the implementing zoning was RX. This is one of the few instances when CX was not implemented, mainly because of the uncertainty of the surface street system. With the RX zoning, a substantial amount of paper density has been added back into the plan. It is a policy call to put housing in an area which, prior to the Central City plan, called out for full CX development. He said the site carried a density of 40 units per acre but, by going back down to RX, the number has been substantially increased, to 80 per acre.

Disposition: Ordinance No. 168110. (Y-4)

***1501**

Amend the Comprehensive Plan map and change the zone of property bounded by NE 15th and 16th Avenues and Weidler and Multnomah Streets, from RH, Residential, to RXd, Residential (Ordinance; 94-03300 CC CP ZC)

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Discussion: Commissioner Hales moved the amendments proposed by the Planning Bureau, adding items 8 and 9. Commissioner Kafoury seconded and hearing no objections, the Mayor so ordered.

Mr. Kasting read the Code-required statements regarding land-use matters. He noted that Mr. Barnes had covered the substance of this matter in his previous testimony.

Disposition: Ordinance No. 168111 as amended. (Y-4)

Commissioner Gretchen Kafoury

1502 Liquor license application for 424 Fourth Ave. Corp., dba Foster Diner & Sports Bar, 6535 SE Foster Road, Dispenser Class A liquor license (change of location); favorable recommendation (Report)

Discussion: John Werneken, License Bureau, said this is an application to relocate an existing license from downtown to 56th and Foster Road, an area which has raised as many concerns about the abuse of alcohol and drugs as any in the City. The Bureau believes this is primarily due to the licensing of less than responsible owners. He said the issue before Council is whether there is a serious history of problems at this location and, if so, have the applicants shown good cause to overcome that. He noted that the applicants have been in this business for 20 years and both the License and Police Bureaus show a good record of cooperation and compliance. The question then becomes whether the location is so bad that no establishment serving alcoholic beverages could benefit the community. Applicants have agreed to a good neighbor plan and will cooperate with neighbors to address security and public order concerns. The applicants' successful track record shows their willingness and ability to prevent problems.

Officer Larry Sievert, Police Bureau, said this is definitely a problem area but taverns seem to be the trouble spots rather than restaurants or convenience stores.

Mr. Werneken said a dispenser class A license carries with it an obligation to offer full food service at all hours.

Mayor Katz noted that the neighborhood association had given a green light on this because of the good neighbor agreement.

Dale Smith, 4615 SE 66th, said she lives right behind this building and has problems with noise, urinating, parking, drug use, fighting and littering. She expressed concern about the proximity of her house to a number of outlets serving alcohol, adding that they have tried unsuccessfully to sell their house because people do not want to live near

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a tavern. She said the neighborhood association told her this is better than a tavern but she is doubtful because of what she has observed. She said there are enough alcohol and alcoholics there already and the bar in this establishment looks twice the size of the restaurant. She said she does not see how selling more alcohol will fix the problems already there.

Commissioner Hales asked the applicant what the effect of the good neighbor agreement would be on the climate of the neighborhood.

Bob Rice, applicant, said he and his partner have operated 30 or more licensed facilities in the area in the last 20 years and, in every instance where they have acquired an existing facility, they have enhanced its reputation. He said in this case the neighbors listed concerns with noise, lighting, off-premise consumption, graffiti and such activities as over service, drug use and other abusive behavior. He said all the concerns were addressed to the satisfaction of the neighborhood association and that is reflected in the agreement.

Commissioner Kafoury asked about parking.

Mr. Rice said there is no off-street parking but a vast amount of unrestricted street parking is available on Foster which they believe is ample for their needs. He said they will meet with the neighborhood every six months to address ongoing concerns.

Mayor Katz, noting that this is a real problem area, asked if the problem licenses will be up for renewal this year.

Mr. Werneken said all the licenses in the area will be up for renewal on June 30. The one with the most problems, the Punjab or Beach Club, is proposed for OLCC cancellation and, if it still exists at renewal time, the Bureau will recommend an unfavorable endorsement. There is no license now at Don's Den, across the street and the Bureau is skeptical that someone without a lot of experience could be successful serving alcohol there. No complaints have been received in the past year and a half about the Foster Lunch, the other tavern operating in the immediate vicinity, and they believe the current owner is keeping things somewhat under control. He said as different businesses move into this area there is hope that the character of the area will change. He said a number of problem outlets that operated in this vicinity have been closed.

Mr. Rice said they understand the concerns about this area and have historically demonstrated an ability to fully operate within the law and meet all expectations, as they did in Old Town.

Commissioner Blumenauer said he will support this based on the record of these applicants. He said he would like to see this good neighbor plan

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become the standard.

Commissioner Hales said this is a close call as Council could deny this based on saturation and the situation in the neighborhood. However, the fact that this is a competent applicant and there is a good neighbor agreement tips the balance to a favorable recommendation.

Commissioner Kafoury said the License Bureau has been doing a much more thorough job in scrutinizing these applicants and getting good neighbor agreements. She said they are also working with the State in getting them to follow the City's lead.

Mayor Katz said the Council is also now more aggressive and is very sympathetic to neighborhoods. She said they want to send a message to the other applicants in this area that Council will take a very hard line when they come up for renewal.

Disposition: Favorably recommended. (Y-4)

At 2:45 p.m., Council recessed.

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

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales and Kafoury, 4.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Linda Meng, Chief Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

1503 **TIME CERTAIN: 2:00 PM** - Accept Cost of Service study for the Bureau of Planning (Report introduced by Commissioner Hales)

Disposition: Accepted.

***1504** Amend the Fees Chapter of the Zoning Code to allow the Planning Bureau to charge for all land use reviews (Ordinance introduced by Commissioner Hales; amend Code Chapter 33.750)

Discussion: Commissioner Hales said this responds to Council's direction to the Planning Bureau to do a thorough cost of service study. He said not only did they learn things about the costs driving these fee increases, but they also learned where costs are way out of line. One glaring example is the cost of enforcing environmental zone regulations and, as a result, changes in those regulations will be forthcoming.

David Knowles, Interim Director, Bureau of Planning, summarized results of the study. As part of the study an advisory committee was formed which included representatives from neighborhoods, home builders and the business community. The study establishes the cost (\$2.8 million) of providing current services and includes some, such as overhead, capital replacement and operating resources, which were not previously calculated. The report also recommends 64 percent recovery of costs. Another accomplishment of the study is the fee schedule before Council today. The full cost of providing each planning review is noted as well as the rate the Bureau would have to charge to recover the cost. A third category is the proposed fee, based on how much the Bureau felt fees could be adjusted above their current level. He said in some cases the increases would be very dramatic and staff believes, particularly for residential users, they could not be justified. Taken in aggregate, the fees will recover 50 percent of costs, rather than the 64 per cent recommended by the advisory committee. Nevertheless, the 50 percent level will achieve an increase in revenues of about \$302,000 annually and about \$273,000 for the balance of this year. He said the additional revenues will go to four categories: 1) fund additional work requested by Council; 2) implement study recommendations, such as building up operating and capital

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replacement reserves; 3) add staff in the Permit Center and; 4) transfer of some overhead costs to the General Fund. The study has also given them the tools to do better time keeping and cost management. Finally, he said, this report is not a performance audit and does not evaluate the merits of review or regulations or draw conclusions about that the way they do business. However, as part of the development review team, Planning is close to establishing benchmarks for turning around residential permits and commercial permits. They also plan to bring to Council a proposal to eliminate certain unnecessary regulations and reviews.

Mayor Katz asked if fees would be reduced if better time records were kept.

Mr. Knowles said as they keep better time they will learn more about how much it costs to provide each review. If they are able to process something more quickly, the cost base will be lowered.

Commissioner Hales said that is one rationale for not going to the full 64 percent recovery rate now as, if changes in procedures reduce costs, they would rather not go all the way up and then drop back.

Commissioner Kafoury asked for more information about the environmental zones.

Commissioner Hales said the average current cost for an environmental review is \$2,500, another very good reason to reexamine the force and scope of enforcing these regulations and the complexity of the process. He said this is clearly a very expensive process.

Commissioner Kafoury said she is troubled by the expectation that by knowing the cost of these services, they can be reduced. She said there is a big policy decision that drives these costs and the regulations are here because Council has made protecting these delicate natural areas a priority.

Commissioner Hales said a committee has been working on that issue, looking at the specifics of the regulations. He agreed policy decisions are needed, such as whether landscaping activity needs to be regulated within 25 feet of an existing house. And are environmental reviews needed on lots in subdivisions that have already been through environmental review? Such questions drive the costs and drive what they are able to recover. Some things that are expensive are worth it, but the efficacy needs to be looked at as well as the cost of enforcement.

Commissioner Kafoury said she is worried that people will think that fees will be reduced when the truth is they will probably not be.

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Mayor Katz said first the Bureau needs to look at its rules and regulations to see if they make sense. For instance, does the City really care whether people plan rhododendrons or roses in their back yards. If Council feels those regulations need to be changed and those changes reduce staff processing time, that should translate into a reduction in costs.

Commissioner Hales said, looking at the cost recovery rate, he suspects that the fees for environmental review will never be reduced. But if \$2500 is being spent on something we are charging \$600 for, that needs to be reviewed.

Commissioner Kafoury asked about statements to the effect that other adjustments will be made in next year's budget in order to get from 50 percent closer to 60 percent.

Mr. Knowles said for FY 95-96, OFA has told them Planning needs to bring a request to Council for budgeting the additional revenues it will receive then.

Commissioner Kafoury asked about the budget process for next year since she thought this was a two-year budget.

Mary Kyle McCurdy, Chair, Planning Advisory Committee, said they endorse the proposal before Council and the average cost recovery target of 50 percent. The committee has also committed to examine the effect of the fee increases on the development community, to see if time-accounting systems are in place and to examine other tools to improve Bureau efficiency and provide appropriate cost recovery.

Charles Rosenthal, Bureau Advisory Committee member, said there is also the possibility that costs will go higher as new environmental regulations are invoked. Not all regulations will necessarily reduce the cost.

Peter Fry, 722 SW 2nd, #330, said the Bureau actually charges three fees: 1) the filing application fee; 2) the extraction process as costs escalate over the original estimates; and 3) the cost of the architect, planner and other supporting players. He noted that in one job staff sent the architect back five times to redraw his plans, which raises the costs. He said his clients often have to borrow money to pay the fees for such items as minor partitions. Infill is very complicated and costly and a lot of little people forego taking action because of the cost of going through the process. He also suggested setting up a more sophisticated telephone system to access the agendas of the Planning Commission and other planning groups. Also, "two minute" and self-help booths could be set up in the Permit Center to help manage customers in a more efficient manner. Lastly, he suggested setting up a bookstore where people could buy plans.

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Tim Grewe, Office of Financial Planning, said this is one of the first efforts to do a cost of service study and he congratulated Planning for working through some of the less than clear guidelines. Its staff also had one of the most difficult tasks of weighing public and private benefit that he has encountered. He said Planning will need to make adjustments in its second year budget because of the shift in which services are supported by fees and which by the discretionary budget. City revenue policy is that when additional resources are generated by a bureau, it is not penalized by removing discretionary resources from within their budget. Next year, when the target is developed for the second year budget, the discretionary amount will be reduced by the amount now being covered by the fee portion. The Bureau will, however, request that the discretionary resource be reestablished. Regarding the second year budget process, the Office of Financial Planning is preparing a financial plan and, if there are additional resources, staff will develop a process for deliberating how best to allocate them. They are also building a process to allow bureaus to make tactical or technical adjustments in the second year. The intent is not to go through a full blown budget process but to comply with the direction Council gave in the first year.

Commissioner Kafoury asked what bureaus will have to do this fall.

Mr. Grewe said they are currently meeting with the bureaus and will present a detailed overview within two weeks. He said two areas need to be dealt with in a special way. First are core budget reviews for Transportation, Housing and Community Development, Fire and the Bureau of Environmental Services. He said bureaus may adjust their budgets until they are adopted in June. Second, the Public Utility Review Board will at some point bring rate recommendations to Council and any changes will need to be programmed into the budget as well.

Disposition: Ordinance No. 168112. (Y-4)

***1505**

Amend the fee schedule for land use applications and related planning services (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 168113. (Y-4)

At 2:48 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner
By Cay Kershner
Council Clerk