



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **8TH DAY OF DECEMBER, 2010** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, Leonard and Saltzman, 5.

Commissioner's Leonard and Saltzman arrived at 9:39 a.m.

Motion to hold an evening hearing February 2, 2011 at 6:00 p.m. for tree code ordinance package: Moved by Commissioner Fritz and seconded by Commissioner Leonard. (Y-5)

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Susan Parsons, Acting Clerk of the Council at 11:00 a.m.; Linly Rees, Deputy City Attorney; and Pat Kelley, Sergeant at Arms.

Item 1576 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS	Disposition:
1562 Request of Mark White to address Council to thank Parks & Recreation for land acquisition (Communication)	PLACED ON FILE
1563 Request of Gregory F. Fegel to address Council regarding the history of the FBI in relation to the Christmas Tree event (Communication)	PLACED ON FILE
1564 Request of Brian McManus to address Council regarding the Christmas Tree bomber and full body scanner at the airport (Communication)	PLACED ON FILE
1565 Request of Hector Lara Cervantes to address Council regarding illegal experiments in government and medical system (Communication)	PLACED ON FILE
1565-1 Request of Paul Eck to address Council regarding the neighborhood inspections program and the Portland water supply (Communication)	PLACED ON FILE
TIMES CERTAIN	

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<p>1566 TIME CERTAIN: 9:30 AM – Recognize Bobby Foucher recipient of the 2010 Steve Lowenstein Trust Award (Presentation introduced by Commissioner Fish) 30 minutes requested</p>	<p align="center">PLACED ON FILE</p>	
<p>1567 TIME CERTAIN: 10:00 AM – Transmit FY 2011-12 General Fund Five-Year Financial Forecast (Report introduced by Mayor Adams) 30 minutes requested</p>	<p align="center">PLACED ON FILE</p>	
<p align="center">CONSENT AGENDA – NO DISCUSSION</p> <p align="center">Mayor Sam Adams</p> <p align="center">Bureau of Planning & Sustainability</p> <p>1568 Consent to the transfer of the residential solid waste, recycling and yard debris collection franchise from Deines Bros. Sanitary Service to Hoodview Disposal and Recycling, Inc. (Ordinance)</p>		<p align="center">PASSED TO SECOND READING DECEMBER 15, 2010 AT 9:30 AM</p>
<p align="center">Bureau of Police</p> <p>*1569 Amend an Intergovernmental Agreement with the Multnomah County District Attorney to reimburse the Police Bureau for overtime costs of officers assigned to the District Attorney's Office as investigators (Ordinance; amend Contract No. 52562)</p> <p align="center">(Y-5)</p>		<p align="center">184280</p>
<p>*1570 Authorize a grant agreement with Ceasefire Oregon Education Foundation in the amount of \$25,000 to conduct a gun turn-in event in Portland (Ordinance)</p> <p align="center">(Y-5)</p>		<p align="center">184281</p>
<p align="center">Bureau of Transportation</p> <p>*1571 Authorize the Bureau of Transportation to acquire certain temporary easements necessary for construction of the SW Moody Avenue Improvements: SW River Parkway to SW Gibbs Street Project through the exercise of the City's Eminent Domain Authority (Ordinance)</p> <p align="center">(Y-5)</p>		<p align="center">184282</p>
<p>*1572 Authorize an Intergovernmental Agreement with the Oregon Department of Transportation for the Right-of-Way Services Agreement for the Safe Routes to School Program that includes bicycle and pedestrian safety improvements at eight Portland public elementary schools (Ordinance)</p> <p align="center">(Y-5)</p>		<p align="center">184283</p>
<p>1573 Designate a strip of land owned in fee title by the City abutting SW 1st Ave as public right-of-way and assign it to the Bureau of Transportation (Second Reading Agenda 1532)</p> <p align="center">(Y-5)</p>		<p align="center">184284</p>
<p align="center">Office of Management and Finance</p>		

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<p>*1574 Authorize competitive selection process to purchase replacement catch basin cleaners for approximately \$1,200,000 (Ordinance) (Y-5)</p>	<p>184285</p>
<p>*1575 Pay claim of Jackie Larson (Ordinance) (Y-5)</p>	<p>184286</p>
<p>Commissioner Randy Leonard Position No. 4</p> <p>Bureau of Water</p> <p>1576 Authorize a construction contract and provide payment for the Powell Butte Reservoir 2 Phase 2 Project (Ordinance)</p>	<p>PASSED TO SECOND READING DECEMBER 15, 2010 AT 9:30 AM</p>
<p>Commissioner Nick Fish Position No. 2</p> <p>Portland Parks & Recreation</p> <p>1577 Authorize Intergovernmental Agreement with Multnomah County to provide and receive funds to and from Department of School & Community Partnerships for the SUN Community School Initiative (Ordinance)</p>	<p>PASSED TO SECOND READING DECEMBER 15, 2010 AT 9:30 AM</p>
<p>1578 Authorize Portland Parks & Recreation to acquire permanent and temporary easements necessary for construction of the Waud Bluff Trail Project through the exercise of the City's Eminent Domain Authority (Second Reading Agenda 1542) (Y-5)</p>	<p>184287</p>
<p>Commissioner Dan Saltzman Position No. 3</p> <p>Bureau of Environmental Services</p> <p>1579 Authorize Intergovernmental Agreement with U.S. Fish and Wildlife Service to partner on a salmon and lamprey monitoring program for Tryon Creek basin (Ordinance)</p>	<p>PASSED TO SECOND READING DECEMBER 15, 2010 AT 9:30 AM</p>
<p>REGULAR AGENDA</p> <p>Mayor Sam Adams</p> <p>Bureau of Planning & Sustainability</p>	

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<p>1580 Allow Bureau of Planning and Sustainability to charge a fee to any party that, with standing under Code Chapter 17.102, appeals BPS decision regarding solid waste or recycling to the Code Hearings Officer (Second Reading Agenda 1548; amend Code Section 17.102) (Y-5)</p>	<p align="center">184288</p>
<p align="center">Bureau of Transportation</p>	
<p>1581 Allow consumption of alcohol in the public Right of Way provided a permit to authorize a Community Event Street Closure is issued under Chapter 17.44 (Ordinance; amend Code Section 14A.50.010)</p>	<p align="center">PASSED TO SECOND READING JANUARY 5, 2011 AT 9:30 AM</p>
<p>1582 Vacate a portion of SE 21st Ave north of SE Ochoco St subject to certain conditions and reservations (Second Reading Agenda 1550; VAC-10066) (Y-5)</p>	<p align="center">184289 AS AMENDED</p>
<p align="center">Office of Government Relations</p>	
<p>1583 Accept the Report on the 2011 State Legislative Agenda (Report) 15 minutes requested Motion to accept the report: Moved by Commissioner Fish and seconded by Commissioner Fritz. (Y-5)</p>	<p align="center">ACCEPTED</p>
<p align="center">Office of Management and Finance</p>	
<p>*1584 Authorize Central Eastside Urban Renewal and Redevelopment Bonds (Ordinance) (Y-5)</p>	<p align="center">184290</p>

At 11:08 a.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

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WEDNESDAY, 2:00 PM, DECEMBER 8, 2010

**DUE TO LACK OF AN AGENDA
THERE WAS NO MEETING**

December 8, 2010
Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

DECEMBER 8, 2010 9:30 AM

Adams: December 8th, 2010. It is 9:30 a.m. And the city council will come to order. Good morning, Karla.

Moore-Love: Good morning.

Adams: Are you enjoying the rain?

Moore-Love: Yes.

Adams: Liar. Could you please call the roll. [laughter] [roll call]

Adams: Council quorum is present. We'll begin with communications. We have five people signed up. Please read communications item number 1562.

Item 1562.

Adams: Mr. White. Welcome. Welcome back. You just need to, as you know, give us your first and last name. You do not -- we don't want your address, and if you represent an organization or you're authorized to lobby on behalf of an organization, local ordinances require you disclose that.

Fish: Before mark speaks, can I acknowledge we'll be coming to you for approval on the new Portland housing advisory commission that advises the new Portland housing bureau. Mark graciously agreed to be a representative on that commission and I had the pleasure of being had him in the second meeting and they're going to be our budget committee.

Mark White: I was going to comment -- first, my name is mark white, the president of the powellhurst neighborhood association. Among other things. I was going to thank commissioner Fish and his staff for the raymond park land acquisition but I wanted to take this opportunity to say a little thank you to each of the city council members for what they've done for our neighborhood. I'll start with commissioner Fish and raymond park. It serves 200 to 300 people on a fair-weather day and there's lots of people there and only entrances on the east side. So folks who live on 115th have to walk all the way up to holgate or harold and then down to 118th and down to the park to access it and part of the roadway is unapproved and our folks who have small children, strollers, wheelchairs and walkers, have a hard time getting to the mark so that west side entrance really, really means a lot. Commissioner Saltzman is not here right now. But I just wanted to point out our neighborhood feeds 13 public schools. 11 in david douglas and two in pps. October numbers show 85% of kids qualifying for free or reduced lunch. 753 kids at that one school. So the children's levy means absolutely everything to our neighborhood and his leadership on that is amazing. So commissioner Fritz, have the honor of helping to get sidewalks in front of probably the single worst development in all of powellhurst gilbert and that means a lot and it took years and probably would not have happened had you not brought those people to the table to talk. I cannot thank you enough because I had nightmares of one of our kids drowning in a mud puddle on the way to school because the water got that deem. Commissioner Leonard has helped to mic sure that when the redesign of kelly butte is done for the reservoir, there's a north-south corridor included and that will help to bridge the gap between the first, second, fourth and fifth most populated in the city. Adding one more connection as well as help make it possible for kelly butte, which is a very untapped resource within the city to have more access it more people. And, of course, mayor Adams, your help with the east Portland sunday parkways, connecting that to the east Portland exposition was absolutely invaluable and I wish you could have been there during parts of the time

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when there were literally hundreds of people standing around, watching the multicultural groups perform and also these groups connecting to each other. It was truly, truly amazing. Really quickly to wrap up. I think it's really important when things happen quickly, especially as in raymond park, because that turned around in like two weeks. It was absolutely amazing. A letter of support went in and it happens. So I think it's important that the public knows that government can and does work. That when things line up, it happens very rapidly, so I wanted to take that opportunity to thank each of you for everything you've done.

Fish: Mark, thank you very much. I know that director santer had planned to be here for your remarks and an saw the email traffic and the response back and these things don't ham without lots of people advocating for to them to happen. So thank you for your continuing leadership role in your neighborhood.

White: I appreciate that. And truly, it was absolutely amazing how quickly it happen and it's important that everyone knows that you are 0 government does work for us.

Fish: Thank you.

Fritz: Thank you for taking the time to talk with us. I think it's important on the park, it was the neighborhood saying this property is up for sale that allows parks to act quickly because they had been looking for a site that had a willing seller. And the david douglas school board that let me know about the problem and it was my honor to be able to convene that, thank you for coming in.

Adams: Thanks, mark. We love working with you. Please read the title for communications item 1563.

Item 1563.

Adams: Mr. Fegel oh, hi. Welcome to city council. Glad you're here.

Gregory F. Fegel: Thank you My name is gregory f.Fegel. Two weeks ago, 19-year-old mohamud mohamed was arrested by the fbi when he tried to detonate a bomb in downtown Portland.

Adams: Do you want to look this way and get as close to the mic as you could. That would be great.

Fegel: The bomb, the van and the cellphone used in the incident were supplied to him by the team every fbi agent who is led him into making the attack. The christmas tree bomb incident was a psychological operation carried out by the fbi for the purpose of inspiring fear in the public about a false threat of islamic terrorism. The fbi and the cia have a long history of using entrapment and false attacks to create an impression of a terrorist threat when no real terrorist threat exists. A team of fbi agents planned and organized the 1993 bombing of the world trade center in new york city. The fbi recruited four muslims and provided them with the explosives and the plan to bomb the trade center. It was the fbi that made the decision to detonate the bomb at the world trade center in 1993. Where six people died and many hundreds more were injured. The attacks on the world trade center and the pentagon on september 11th, 2001, were planned and perpetrated by the white house, the pentagon, u.s. Intelligence agencies and the government of israel. The u.s. outsides of iraq and afghanistan, which are illegal, according to international and u.s. law have taken the lives of thousands of u.s. troops and hundreds of thousands of innocent civilians. The u.s. government is using false flag attacks to justify u.s. aggression and the creation of an international police state. I urge everyone to resist this deadly threat from the u.s. Government against the freedom, the safety, and the human rights of people throughout the world. The u.s. Government will continue its aggression against foreign nations and against the american people until we, the people, organize to put a stop to the warmonger, the secrecy, the unaccountable and the tyranny of the u.s. Government. The usa is a rogue nation that needs to have a regime change. Thank you.

Adams: Please read the title for communications item number 1564.

Item 1564.

Brian McManus: Hello, my name is brian mcmanus. 30 years ago, john lennon was killed by a man who walked away and read a book and waited for cops to arrive. A couple weeks ago, we had

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a christmas tree bomber and say it was entrapment. I've heard audio recordings of people on the plane on christmas tree 2009. A detroit couple overheard a well-dressed east indian looking man speak with the so-called underwear bomber. The older man told the ticket agent that the young man did not have a passport. She referred them to a security office within the airport. The underwear bomber was able to board the plane and sat next to a 19-year-old student named josh howard. He said he slept most of the flight. He noted smoke coming up from the young man's blanket and they got out of their seats and the underwear bomber and another guy put the fire out on the seat. A third man who I heard interviewed said it was surprising that the underwear bomber didn't express any outrage or emotion or pain from being burned. When the airplane landed, people were allowed to take their carry-on luggage into the airport and quarantined in the baggage area and their baggage came in, which is odd, because in those examples there could have been bombs in the carry-on or the larger luggage. There was a bomb-sniffing dog who approached a man who was -- the fbi came in and took the guy away and the bomb was -- I don't think it was big enough to take the airplane down. Of course, if it had been, the reason for the full-body scanners would have nullified. The amsterdam security company, international consultants on targeted security. This is also the parent company to huntley usa which is the security company during the events of september 11th, 2002. We're expected to raise our hands above our heads in a radiation scanner, full-body scanner in a airport. Ridiculous. Anyone subjected to a pat-down is needlessly compromised. We need to stop ignoring false flag operations. The joint terrorism taskforce, the transportation security agency and homeland security are unnecessary and should be abolished. Thanks for your time.

Adams: Karla, please read the title for item number 1565.

Item 1565.

Moore-Love: He has an emergency and not able to make it and will reschedule.

Adams: Great. Read the title for communications item number 1565-1.

Item 1565-1.

Adams: Welcome to city council.

Paul Eck: I'm paul eck. A resident of Portland for the last three years. Good morning to each of you and thank you for the opportunity to address the count. I have two topics. The first deals with the neighborhood inspections program. I'm a frequent user of that. We're on an unapproved road, the following abandoned items were picked up in a timely manner after my call for help. Eight car tires, two rolls of carpet and assorted piles of building materials. This program is very appreciated by our neighborhood. It is effective in keeping our street clean and helping us maintain or quality of life. Thank you so very, very much and I appreciate your email to me. Second topic is an urgent concern to myself as well as an increasing number of Portlanders as we become more aware of the changes taking place to our bull run water system. I moved from idaho three years ago and am on a fixed income. Since moving here, i've experienced a substantial increase in my water bills. A 32% increase in water usage rates in three years. Last week, a senior citizen spoke up at our neighborhood association meeting and stated he had to pay his most recent water bill with a credit card. That becomes a slippery slope down the line. I helped a single mom of two young kids create a household built and it became distressingly clear that if water bills increase and the Portland school bond pass, she's at the tipping point and going to lose her house. I attended two town hall meetings on the water issue and talked to quite a few Portland residents and come to the conclude to pursue a waiver to the lt2 rule. There's a recent precedent for stopping a large process as seen in the state of new jersey where they're stopping the tunnel to the manhattan island. They can not afford it. We need a waiver to the lp2 rule. And because it makes sense. Please refer to the handout to help you understand further where i'm coming from. If you do not fight for the citizens of Portland and act in their best interests, who will? Please use all the power at your disposal to request a waiver to lt2. Doing so is the right thing to do. Thank you very much.

Adams: And we are. Anyone wish to pull any items from the consent agenda?

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Fritz: 1576.

Adams: Unless there's objections, will be read -- heard at the regular agenda. Karla, please call the vote on the consent agenda.

Item 1568 roll.

Leonard: Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Adams:** Aye. [gavel pounded] consent agenda is approved. We have two time certain. One at 9:30 and one at 10:00. Can you please read the title for presentation item number 1566.

Item 1566.

Fish: Thank you, mayor.

Adams: Commissioner Fish. [applause]

Fish: Mayor and colleagues, we welcome michelle harper, a long-time and valued employee of Portland parks and recreation and the chair of the lowenstein trust board and robert lee fouter of whom you're going to learn a little bit more soon from michelle. I have the honor today to present the steve lowenstein trust award once again. The award is named for the attorney, author and civil rights activist steve lowenstein. Steve was the founding director of Oregon legal services, a peace corps volunteer and advocate for social justice. His mother was also my next-door neighbor when I lived in new york city. Steve lowenstein was a passionate defender of the rights of our most vulnerable citizens. Steve wrote that the recipient of the trust award shall be that person that has demonstrated the greatest contribution to assisting the poor and underprivileged in the city of Portland, Oregon. End quote. This year, michelle and the trust and I are proud to present to the council, this year's recipient, robert lee fouter. Michelle.

Michelle Harper: Good morning. Michelle harper, board chair. It's with great pleasure I come before you this morning. In the 17 years since steve passed, this is the 19th award we're giving and it's the gift that continues to keep on giving. We a wonderful group of board of volunteers that we look forward to this time every year and I would like to acknowledge them and ask them to stand. Art alexander, jamal fulson. Mike lindbergh is out of town but wanted to express regrets for not being here. David thornberg and charlie williamson. [applause] we have recipients here as well. The 1992 award winner. Please stand. [applause] the 1993 award winner, jenny nelson. 1994 was alberta phillips. And jerry williams, and 1997, crystal ricker and connie nelson and 1999, kevin fuller. 2000 -- [applause] 2001, sean cox. [applause] 2002, carol ann beth. 2003, tonya dickenson. 2004, loria taylor. [applause] 2005, joanne jewel. 2006, beth burns. 2007, diane sherwin. 2008, mark joelinn. 2009, casey jama. [applause] and, of course, we're here to talk about our honoree this morning, mr. Bobbie fouter. A dedicated and passionate community activist in the performing arts for children. A dancer, a designer, a visual artist and educator, committed much of his life. 40-some plus years of his life to making an incredible difference in the life of children and i'm sure if they could be here, it would more than fill the council chambers. He has given them a sense of purpose, a vision of what they're life could become and put them on a pathway to get there. Some call him mr. Bobbie. They take much pride in the things they've learn from him and the words of wisdom that he gives them about pulling up the pant, or always presenting your best self. Even if you're going to class. Present yourself well. Be prepared for class. That prepares you for life. Bobbie has done so many incredible things over this 40-some plus years. The application was more than 12 pages long. Whether he has taught across the community in rec centers and the ifcc, boys and girls clubs and a number of churches and nonprofit, he has his hand print on every aspect of the community and whether it's teaching hip top or african dance or drumming, the like, he has significantly touched a lot of young people in a way that's quite extraordinary. There are so many things that we can talk about. The saturday workshop camp and the jumpstart performing arts camp he's done. The classes he's even hell sometimes in his home. You know, if there hasn't been a space for him to be able to connect with kids. He's like a pied piper. They know where to fine him and they stay connected with him. It's not a matter touched kids and they've gone on and not come

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back. They've stayed connected this entire 4:00 years. I could go on and on -- entire 40 years. I'm proud myself to say i've known him for many, many years. And proud of the work he's done. Bobbie embodies everything wonderful about Portland. That's exciting, connecting the people that live here, the sense of purpose, and the fact that we all have something in common. We come from different places and do different things but we have common threads that keep us connected together and for that reason, i'm honored to be able to present our 2010 award winner, mr. Bobby fouter. [applause]

Bobby Fouter: I say something?

Harper: Yes, you can.

Fouter: Well, I guess it's interesting, michelle kept asking me about family showing up today and my sister is working and niece is working but in the house I grew up, I guess I would have to say, thank you for this award in relation to my mom. She's the one that raised me to be this way, so I guess it worked. And in terms of family, if you could see a picture of my family, it literally does look like this. Can everybody who came who is a friend of mine stand up, please. [applause] that's what my family actually looks like. With a family like that, you really do have to work with young people and have them produce themselves well and present themselves well. So I appreciate the award. Thank you, city council. Thank you, lowenstein trust board members and thank you friends for showing up and lunch is after this is over. [laughter]

Fish: Take a picture up front.

Harper: And there's a reception in the lovejoy room following. Thank you. [applause]

Harper: I just want to conclude with saying that steve was an incredible human being. It's the power of what one man can do who had a dream, his legacy continues to live and the power of this legacy that keeps on giving and sustains this community.

Fish: Thank you very much, michelle. We're proud to have you at parks. The community is proud that you continue to chair the trust. Thank you very much.

Harper: Thank you.

Adams: Great presentation. Let's see what we have here.

Fouter: Thank you.

Adams: Thank you, appreciate it. All right. Karla, could you please read report -- acceptance of a report contained in the time certain item number 1567.

Item 1567.

Adams: Good morning.

Andrew Scott, Financial Planning Manager, Office of Management and Finance: Good morning.

Adams: Go ahead.

Scott: Good morning. I'm andrew scott, city financial planning manager and with me in a moment is josh hardwood, our new city economist and presenting the five-year general fund forecast. Starting '11-'12. We do this again in late april, early may and that will be the forecast that city council needs to balance for next year's budget. But this is what we're forecasting for the next five years. I'll turn it over to josh.

Josh Harwood, City Economist: For the record, i'm josh Harwood, the city economist. Here to present my first forecast to you and you should have a document, if you don't, we have extra copies.

Adams: I need a copy too.

Harwood: I'll loosely talk from the document but broadly where we are seeing thing and turn it over to andrew for the nitty-gritty specifics moving forward. Broadly speaking we're better than six months ago. I say that with two caveats, it's only in the comparative sense from the last forecast and we're not by any means experiencing a robust recovery nor do we expect one in the near future. This forecast does assume a long, slow recovery commensurate with most financial crisis around

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the world, that have happened in the past. We're seeing that now, lots of fits and starts. Good jobs numbers and bad jobs numbers but we're growing still. It doesn't feel good to many people and still experiencing widespread economic difficulties. Essentially -- and this is not without risks which I'll briefly touch on. For right now, turn to page 4 of the document you have. Talking briefly about the general fund resources forecast and then a little less about the expense forecast before I turn it over to Andrew. But I wanted to touch base on the underlying suspicions when we -- assumptions. The property taxes a little more than \$2 million ahead of forecast that's generally a base-bidding type of change. What we did, though, is build off that and back out about a million per year for the amount of money that Multnomah county is withholding pending a large property tax appeal. We backed that out of the numbers you see here. Relative to transient lodging taxes we lowered the forecast a little bit relative to the last forecast. What consumer spending increases that are existing right now, we don't expect them to fall into this type of category. Generally be replacements of durable goods and eventually you have to buy a new refrigerator and new washer/dryer. We don't expect widespread -- there's still weak demand in the travel industry and conventions and those types of things. We did lower that forecast a little bit. For business licenses, this is always as mentioned in the document, and as I know you've dealt with in the past, this is the most volatile revenue source. This is the one I've spent the most time on, getting the handle of. We did raise it. Came in about \$4 million ahead of forecast last fiscal year. We raised the forecast about \$6 million relative to the last forecast. So there's sort of a base-building and then there's a little bit more. For fiscal year '11-12 and that increase is increase relative to the expectation of corporate profit and almost to the end of the tax year for the receipts we'll see this year. For fiscal year '11-12, we actually lowered the growth rate off '10-11. And I think it will be weaker as companies either continue to see weak demand or start to hire and those will offset corporate profits and won't be the same level throughout we're expecting. Utility license and franchise fees came in ahead of forecast last year. That was due, again, to large recoveries. Especially large ones are relative random and inexact so we don't want that to build into the base of our forecast moving forward. We backed it out going forward. That said, the way this forecast is constructed, I believe it is very conservative. Relative to other things, which isn't a bad thing by any stretch of the imagination. I think there's upside potential for utility license fees. The remainder of the revenue sources didn't change a whole lot. Little changes here in there. We're not expecting to see a whole lot from that area, mostly because it's liquor and cigarette taxes. Mostly liquor taxes and didn't make many changes to the rest of it. And that gets us to the total discretionary resource, that's the last line on the table there. I'm happy to answer questions about this particular forecast before we move on to the expense side or keep plugging ahead.

Fritz: Why do we expect the interest income to go down in '11-12?

Harwood: Because we have broad-leaf lower balances, we've been spending down the. The cash we're holding and we expect interest rates on hey broad sense to stay low for a little bit longer than we did six months ago. So it's sort of -- it's a relatively simplistic forecast given the dollar amount but those are the two components. The interest rates the balances in the account.

Fritz: Makes sense. Thank you.

Fish: How much of the state revenues would fall within your at-risk category because of the challenge that the state has in balancing its budget?

Harwood: That's a good question. I think you know, it's hard it look at that issue in a vacuum of Portland's share of the money because the other city, other counties get it. You know, I think it's in a comparative sense, the cigarette portion is only about 5%. So you know, maybe that's not as big a thing, but I don't really know how to answer that question exactly. It's going to depend on their legislative session moving forward.

Scott: There's a risk, but cigarette and liquor taxes we received in the state shared revenues are due to the preemption. So certainly if the state were to look at that source, I know government relation,

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you know, we spend that money on police and fire and declare that to the state every year and certainly the preemption would have it be an issue in that conversation as well.

Fish: Andrew you've probably --

Adams: And if I could, The history on that, the city -- the cities and counties used to have their own liquor and cigarette taxes and amalgamated. Probably back when we were part of the pangaea continent. But all local booze and cigarette taxes and took them, we had preemption and then they gave back the equivalent amount of what we used to get back to us. And it was done to provide a uniformity across the state. I wanted to make sure that that history is in the record. This is actually our liquor and cigarette taxes.

Fish: Andrew, you give us a lot of data during the budget season, but can you break out for us after this hearing, just the various categories of state revenues. You mentioned obvious -- obviously, the cigarettes and alcohol. But the different amounts.

Saltzman: Can I just run through the column and make sure i'm -- make sure i'm understanding it correctly? The discretionary resources, surplus of 21.7 and then the continued unfunded ongoing is deducted from that?

Adams: The community strategic one-time investment.

Saltzman: Yeah.

Adams: Spread those so that -- this is what staff assumes or what would be asked for again.

Saltzman: Leaving us with \$11.2 million deficit and that's the one-time

Adams: Surplus.

Saltzman: sorry, surplus. One-time resource.

Adams: correct.

Saltzman: Am I understanding that?

Scott: Yeah, and we are going to go into that in just a second in terms of more detail on the expense side. Any other questions on the revenue side.

Harwood: The expense side, i'll briefly touch on and then andrew can elaborate how we go about allocating the resources relative to the last forecast. There's two important savings components, one in a very low inflationary environment, you tend to have low relative cost increases. Those -- inflation is notoriously difficult to forecast and you'll recognize in the papers and the media, half expect wild rampant inflation and half deflation. And that's happened in the last couple years, several times and inflation's been relatively moderate during that period. The reality is that relative to inflation forecast, they typically because of this sort of uncertainty revert to long-run averages quickly during the last forecast, you expected -- the expected inflation in cost factors were a little bit higher than what we now think they'll actually be given what we've seen over the last six months. You have some savings there. The other is due to the long-run interest rates again. On the pension bond, the assumption was made on the variable debt we'll not paid as much as we thought six months ago. Those are the two primary factors influencing some savings. Relative to some of the forecasts looking historically, this is better but not by my means widespread ability to throw caution to the wind. We're in a high risk environment. Not expecting a double-dip recession. The further we get away from that, a double-dip creation, some of the factors that would influence it, the risks diminish but there's not much in the pipeline to fuel demand either so we expect month rate growth over the next several years in reality.

Adams: And to put the two together, this city council in the fall of '08 in establishing the general fund forecast at that time, we very conservatively estimated revenues. So we are where we are today because we've sought to hold the line on expenses. We've had some fortunate breaks, and we assumed a more conservative revenue impact than recommended by staff. I wanted to make sure, we sought to be very, very conservative.

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Harwood: And for what it's worth, mayor and council, I think the five-year balancing, also, when you're conservative with the revenue forecast and look that far ahead, it does imply a level of conservatism that allows for smoothing out the volatility.

Fish: Can I ask a couple of questions off -- that's what you're walking us through. F.y. '11-12. Can you tell me what the new one-time category refers to?

Scott: Let me go into more detail on the expense side. Josh gave the overview what we're expecting. In expenditures. The revenue forecast is what it is. We do our best to model it. On the expense side, what we show here, what financial planning shows and there's back on the first page as commissioner Saltzman was refers to. We show the existing ongoing funded programs extended out but we don't show here. The one-time funded programs being continued. But we know there's a high expectation they will be continued and what we've done in terms of overall five-year forecast is made assumptions in how to spread the one-time revenue and I want to talk about that. Over the five-year forecast, we have about \$34.4 million of new one-time revenue and that comes from three sources. 13.7 is result of the higher revenue forecast. There's a higher business license base coming off last year and the pension obligation rate savings and as well as lower inflation and the council carryover that you approved. We put that money into next year's budget and there's an cruel of \$16.8 million and this is a recognition of accounting changes that occurred in fiscal year 2003-04 and 2004-05. As a result of the awes in those years, those, about the utility and business license fee revenue receive in jewel and august, were accrued back to the prior fiscal year. It was consistent with our conservative nature, or forecasting, we wanted to make sure there's enough time to make certain those accruals wouldn't be reversed. We think we can recognize that \$16.8 million.

Leonard: Andrew, if \$13.4 million of that increase is due to the increase in business income tax.

Scott: Part of it and as well as some expense savings.

Leonard: Why isn't that ongoing?

Scott: I think it's reflection of the uncertainty josh mentioned. If we saw business licenses going up, we could capture that as ongoing. The uncertainty we're seeing nationally, we want another year under our belt and see where the business licenses come in in the current fiscal year.

Leonard: Very conservative forecast in that respect.

Harwood: If I could, some of the things that andrew mentioned the pension obligation bond savings, those should be treated as one-time savings because we're going to have to pay it if the interest rates go back up.

Leonard: I understood that.

Harwood: That's part of the \$13.7 million.

Leonard: I think andrew satisfactory addressed what had I raise. The normally include greases in business license fees as ongoing, but in the business climate, you want to for now categorize that as one-time.

Adams: I would add the audit, boosted revenue, they might be sustained but not -- the other because we went from a before, a before the tax sort of -- we had businesses estimate how much they thought we were going to pay and then switched over to an after-the-fact tax and saved businesses in the process, during the recession, a couple million dollars by doing that and they like that had a lot better. But we're figuring out what the trend line is. Two of the reasons why i've recommended to staff that we be conservative.

Leonard: Uh-huh.

Adams: We know it's there as a possibility in the future? Ok.

Scott: Getting back to table four and commissioner Fish's question. In this forecast, as a result of this new one-time, we had more discretion than we normally do in terms of how to spread it. Where it says new one-time. Page 6 of the document, we've built in \$13.5 million of one-time into fiscal year 11-12 and we want to cover the unfunded ongoing, that's about \$10.5 million to 11-\$5 million. And put a couple million in there for new one-time services or programs that may be needed.

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Fritz: Hold on a second.

Saltzman: Comes out of that \$13.5 million?

Fish: The \$10.5 million or table one which you describe as continued ongoing, comes out of that \$13.5 million.

Scott: Correct.

Saltzman: O.K.

Fritz: What's the .2 planned one time?

Scott: That was from the previous forecast. We just maintain that as a separate line in order to show the new one-time.

Harwood: It's related to rac funding. There's an ordinance that essentially says one-time money every year. About \$200,000.

Fritz: That's help. The new one-time is ongoing, not new-new one-time?

Adams: We do not have it embedded in the ongoing revenue stream. It is not coming from the ongoing revenue stream. It will be some day when we have ongoing revenues but for now, it's one-time. It has to be approved every year. It's noted in the forecast, but has to be produced by council every year.

Scott: Correct. And what you'll see in the next four years the focus, after '11-12, we still have ramped it down. But it gets back to the front page where we show the accumulated deficit that's going to occur if we continue funding at the 10.5 level and relative to the last forecast and some other governments, this is a good news forecast. However, the current service level the city is providing in terms of programs cannot be sustained over the five-year forecast even with this new one-time and we'll need to continue to make efforts to bring that down and we have, when I started two years ago, this was about a \$17 million program. It's now a \$10.5 million problem. We have whittled away at it. And need to continue to do that. You'll see the ongoing spend can, we've built \$1.5 million ongoing revenue. That's a small amount, relative conservative. What we would recommend that \$1.5 million be used to buy down existing one-time funded programs.

Fish: Take some portion of the shadow budget --

Scott: And convert it. And in year two, it gets folded in. That ongoing \$1.5 million continues throughout the five year.

Saltzman: How much buy-down can you get?

Scott: It would be the straight \$1.5 million and so everything else equal. We go into next year with a \$9 million ongoing unfunded problem.

Saltzman: Set asides at zero. When we set aside capital for general fund bureaus to submit projects?

Scott: Yeah, it is and we stopped doing capital set-aside a number of years ago. Before the -- the \$2.4 million you see in '10-11 is the result that council took in the fall bump and set it aside for capital spending in the current year but there's no assumption of capital set-aside built in. It's something that council could do as a proposed or adopted budget.

Saltzman: Did we make a conscious decision to stop funding it?

Adams: Oh, yeah, city council before I was --

Scott: Yeah, it was a number of years ago.

Adams: They rescinded the policy. This budget cycle, we'll spend more time on capital than not last two budget cycles. So we'll have an opportunity to air that out.

Fish: Andrew, the other category of council set-asides, can you clarify that again?

Harwood: That's largely -- let's see, three or four issues. All of the pbot transfers are in there. Related to the portion of the ulf revenues. Downtown marketing. There's also a maintenance and construction there. And there's some debt service, city hall and government redemption bond and streetlights and --

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Scott: These are all things by council policy in previous years we set aside. We can provide a list of the breakdown.

Adams: Commissioner Fritz.

Fritz: It's the expectation we'll be discussing in the budget process, which things in the shadow budget, at ongoing, one time, which of those programs we use the \$1.5 million.

Adams: Absolutely.

Fish: I want it make sure I understand the take-away here. Table 1, the -- if you take our discretionary resources, take out budget requirement, take out the shadow budget, you're left with \$11.2 million and that's before you cut any individual bureau budget, correct?

Adams: Correct.

Fish: If we were to cut at the proposed \$1.5 million level we're dealing with in our budget advisory process, how much would that increase the surplus by?

Harwood: About \$3.5 million.

Fish: And that assumes that -- those are the cuts not no utilities and with the lower cuts in public safety?

Scott: Yeah, assumes .75%. Public safety 1 and 1/2% -- and all other general fund bureaus.

Fish: And that would increase the surplus by a little over 3 million?

Adams: It's a good -- it's a positive, but awkward situation that city government finds itself in as other governments are cutting. We have a surplus, a one-time surplus, and that's the result of conservative revenue forecasts. So we're beating our -- as we went into this recession, we established conservative revenue forecasts and we're exceeding them. Some good fortune in terms of the '03 change in accounting rules and also, then, attaching down spending, including our employees not having a pay raise, not having a cost of living increase this year. That's added up to \$21.1 million one-time surplus and allows us to go into this budget process being able to think very strategically and I hope continue to be very conservative in our budget making efforts but the city council should feel a sense of accomplishment for getting us through the creation as well as we have thus far. We're a long way before the national recession lifts and there's threats in the future to this forecast, but I want to thank staff for your work on this and look forward to the upcoming budget process. Thank you very much. Do we take a vote on this or is this a report?

Scott: Just transmitting the report, yeah.

Adams: Ok. So that gets us to the regular agenda. Can you please read the title and call the vote second reading on 1580.

Item 1580 roll.

Leonard: Aye.

Fritz: Thanks, bureau of planning and sustainability and mayor Adams for pulling back to his office the most substantial policy issues. Aye.

Fish: Aye.

Saltzman: Aye.

Adams: Aye 1580 is approved. [gavel pounded] please read the title for first reading ordinance 1581.

Item 1581.

Adams: Hi, welcome.

Jeri Jenkins, Program Manager, Bureau of Transportation: Thank you, good morning, mayor Adams and commissioners. My name is jeri jenkins. I'm a program manager, working for the bureau of transportation. I'm here to talk a little bit about why we have submitted the ordinance before you that would amend title xiv in regard to the consumption of alcohol in the public right-of-way. It says it's not legal to drink in the street or sidewalk and what that creates for us is every time an event organizer wishes to close the street, comes to us, asking to have a community event street closure permit and like to have alcohol as part of that event, then we need to write a ordinance,

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bring it to city council, that waives that portion of the code for the dates and times for the permanent. What we're proposing in front of you is that provided the applicant meets all of our requirements, they would remain the same and they have the olcc license, that for the dates and times of the community event permit we've issued for them to close the street and have their event in the street that, portion of the code is repealed for those dates and times only. It's very similar it what we do with sidewalk cafés. It's not legal again, to drink in the public right-of-way on the sidewalk or in the street. But in title xiv the subsection, there is a statement, item c, that says, except if you're having -- it doesn't having a glass of wine, but except if you're drinking at a sidewalk café and that café permit is issued under title xvii by the bureau of transportation. We're suggesting similar language in the code that would say provided you have the permit through transportation and you have the olcc permits in place, that for the dates and times of the permit we've issued you can have alcohol as part of your event. Basically, it's a efficiency, it expedites the permit process for the applicant and an efficiency for us in terms of staff time and efficiency, probably behind the scenes what goes on to bring an ordinance, document to council, they're always on consent agenda. I've been involved with community events for many years, and I -- we've never had one pulled from consent agenda. We're -- last year we -- last fiscal year, 41 ordinances on consent agenda through council, they all passed. No objection. The types of permit applicants we're dealing with, the pearl district neighborhood association, neighbors northeast, blue hour, lents neighborhood association. The polish fest. Portland monthly doing a fundraiser for partners in hunger. Rogue ales doing a fundraiser for Oregon zoo. That's an -- there's a sample of the types that want alcohol at this event. I want to emphasize this is in no way providing a rubber-stamp approval. Our process and application remains the same. The only difference, we won't be sending 41 ordinances to council every year that repeal this portion of code. It will be in code and provided we meet the conditions that are set out, we don't need to go to council. For those reasons, we think it's a good idea.

Leonard: Are there any examples or is it possible that the -- that the conditions could exist where either this has occurred or could occur, that the olcc would proffer an event that the city did not approve. For example, they licensed taverns and other kinds of alcohol outlets, and we don't. So does that apply at all --

Jenkins: It would not. Because the way it's written is that in order to have -- you have to have a permit, issued to you under title 1744 and your olcc license, so if you don't have the permit under 1744 that authorizes you to close the street for a community event, olcc doesn't have the jurisdiction to issue you a license to serve alcohol in the public right-of-way, we work closely with them. They want us to review the application, permit application they're working on so --

Leonard: Does a set of circumstances potentially exist where olcc might approve the serving of alcohol that you guys, decide, in your opinions, should not have alcohol and you can low the event but not the alcohol?

Jenkins: If I understand what you're saying, somebody has a permit to close the street, but our estimation, it's not a good idea to have alcohol but olcc has approved that?

Leonard: Uh-huh.

Jenkins: I can't think of a situation where we would have a stricter kind of regulation.

Leonard: That's not what i'm asking.

Jenkins: Well, I can't think of a situation.

Leonard: I'm saying given that a situation may exist in an event where they would close a street and because of problems with that event, we decided it's ok to have the event, but don't want alcohol served there, can we -- with this approval you're asking from us, do we have the ability to nuance approving the event but saying we really don't want alcohol at that event even in olcc allows the alcohol?

Jenkins: Well, we could certainly --

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Leonard: I don't want to name any particular event.

Jenkins: I know what event you're talking about.

Leonard: I want to make sure we're not unwittingly giving up authority that might help us control an event that might get out of control with alcohol added.

Jenkins: The way the subsection reads right now, if we issued them a permit to close the street, and they had an olcc permit, then they could have alcohol. So if you're -- we would have to change that language. Slightly. But --

Leonard: So let me just ask another question. If we left the code the way it is, do we -- then have the ability to issue a permit and we as a council have the right to say no to the alcohol?

Jenkins: Yes, we do.

Leonard: If we like the way the code is right now.

Jenkins: Yes.

Adams: Let me try and clarify. You're basically asking for administrative authority to manage this whole process at the bureau level without having to take each and every one of these to the city council?

Jenkins: That's exactly right.

Adams: Is there any other changes in the status quo code? I think commissioner Leonard's -- council might want to use this as an opportunity --

Leonard: That's not what I'm hearing from the questions I'm asking. What I'm understanding you so say, currently, you can issue a personality to close the street, but if alcohol is served, you have to have council consent to do that. What I'm -- tell me if I've got this wrong, under this new language, you would be able to continue to issue the permit, but part of that approval would include not allowing alcohol cart blanch in the olcc gave their permission as well.

Jenkins: If --

Leonard: What I'm concerned about, if we have a event where we have a history of problems and decide the event itself is good and there's people who like to go to the event and participate in the event but don't require alcohol for them to enjoy themselves but we decide as a council we don't want alcohol serve there had, I'd like to retain that authority and if we don't have that authority and delegate it to you, I'd like to be clear in the code that your authority is that you can have the event and --

Fish: For my benefit, what's the last time conspicuous example where we split the baby that way?

Leonard: I don't know that we have, but I can foresee potential, very soon, if not this summer, for us to split the baby that way.

Fish: To address your concerns, is there a way -- I'm learning about this as I listen to your questions and answers. Is there a way to dell gate this administrative authority to the bureau but build in a trigger if there's a complaint -- that's what I'm asking. The answer I'm hearing is it's not craft that had way. And --

Fish: It would come to us, as usual beyond the consent agenda but we would know about it.

Leonard: I'm not even asking for that. I'm asking if we recognize a certain event is accumulating more and more problems that appear to be alcohol related that the commissioner in charge can say, you know what? Go ahead and approve the permit but use your authority to not allow alcohol.

Jenkins: That's what we have now.

Leonard: That's what I like now. I'm not comfortable removing the city's ability to then nuance --

Jenkins: But the city's ability to do that right now, and -- the only instance I can think of where it's an issue, we're not actually issuing a permit for that event. We don't issue a permit for that event. We don't have a event organizer who comes to us.

Leonard: We're working on that.

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Jenkins: Well, I -- I think that's what you're getting at. I've been involved in issuing community events for over 16 years. We do not have or nor have we ever had an split where olcc sees it as a good idea to have alcohol in the street and we don't.

Leonard: And I recognize that, but we have to acknowledge in a the potential exists in the future that that may be something that --

Adams: Are you comfortable with the commissioner in charge having the authority and being held responsible for splitting that when necessary.

Leonard: Yep?

Adams: If I could. Is -- is that clear and I -- and I understand we're going back to maybe changing some existing code, which is fine with me. Is that what you've proposed to us or do we need to come back to council with changes to what's before them to make that clear?

Jenkins: You know, I mean, the city attorneys have reviewed this.

Adams: Coming back to council with clarification of the language? Make certain we've captured what you've said.

Fish: Is it time sensitive?

Adams: No.

Fish: Can this matter be put over?

Adams: This is a first reading. That is this is what we do at first reading judge I have a question. If you're not going to not sell alcohol, is it olcc have to give a permit?

Jenkins: Uh-huh. If you're --

Leonard: Not going to sell alcohol?

Fritz: If you're giving it away?

Jenkins: That's what I was getting at. If you have alcohol in the public right-of-way on the street or sidewalk, olcc wants permitted as well. So if -- right now, when we issue a street closure permit, it's only for the closure of the permit, unless we come before council and then we deal with that portion of the code and work with olcc on that. I'm quite sure that the olcc would require that, but if that's what we need to discuss at the second reading, I can verify that.

Fritz: Thank you very much. You've. Helpful giving me and my staff information up to this point. I appreciate the discussion. I'm concerned about our neighborhood night out parties, I would think many of them would not be aware of the issue of having to apply for an olcc permit. And I would if one of them have -- become drunk and disorderly and the police show up, what's the penalty for not having applied for a olcc permit if we allow street drinking.

Adams: Once a permit is issued and an applicant serves alcohol and we become aware of it, or olcc becomes aware, we have the discretion to enforce. In terms of the police bureau, we have the discretion to say you need to move that on to private party. When it comes to the neighborhood night out, sort of work, we really work hard to make sure that people comply as opposed to just immediately issuing them a citation. And if it's only if they resist some common sense requests to comply do we take it to the next level of enforcement. Does that answer your question?

Fritz: It answers the question but not necessarily the concern, if street drinking is allowed with a permit, with a street closure permit --

Adams: No, it's not allowed. I want to be clear. It's not allowed.

Leonard: Currently.

Adams: Currently.

Fritz: Under this proposal, it would be.

Leonard: It would repeal that provision.

Jenkins: If the olcc permit --

Leonard: Right.

Adams: Is granted.

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Leonard: All we're doing is repealing the provision of the code that prohibits street drinking if you have a permit.

Jenkins: If you have a permit --

Leonard: I'm suggesting you add a provision so that the commissioner in charge may decide in that permit's issued, not to allow alcohol.

Fritz: What's the process for applicants to get approval through olcc?

Jenkins: I'd have to find that out for you. What I understand is -- to go back to your earlier question because I remember being at a meeting with olcc where the art galleries that want to serve a glass of wine on last thursday, first thursday, whatever it might be, they're not allowed to give that wine away without a permit. The same holds true to your earlier question. We'll check on it. The olcc permit process is a fairly thorough process and if it's a good idea to have a olcc representative here to answer more detailed questions, I can find out that.

Adams: I want to bring to the council's attention that olcc's interpretation of rules in terms of giving away or sharing without cost alcohol has changed in the past 10 months and they've actually cracked down on that. You can no longer, for example, have sampling or give away alcohol, even if people stay on the premise. They've gotten tougher on the whole giving away of alcohol as part of events.

Fritz: I think it would be helpful in the second reading to have discussions. As stephanie and tracy from office of neighborhood involvement and crime prevention and alcohol control, I want to make sure we don't inadvertently complicate or application for the alcohol impact area which is going to the olcc december 17th at 7:30, because in downtown, we're trying to address the problem of street drinking because of the known problems of it. I want to make sure that we're confident that olcc will be or -- we're confident that olcc is in control if we decide that council is no longer in control.

Fish: One question, mayor. When we authorize someone to have an event on a city right-of-way and the olcc issues a liquor license, are we still liable for any conduct that occurs on public right-of-way as a result of the alcohol?

Jenkins: Part of the permit process is they list the city as additionally insured.

Fish: That's a concern I have. I also, frankly, this conversation is prompted for me -- I want to take a closer look at what we do in our parks, because I have restricted the sale of alcohol in the parks for a lot of reasons and there there's liability issues. For me, this discussion is helpful to frame issues. Thank you, mayor.

Adams: All right. So why don't we check in with council offices, or staff over the next week, we'll -- this will move to a second reading. If we need to push it out further, we will. It's good to air the issues out. Even if some of them are unrelated to the administrative rule but I think some are as well. It's an opportunity to polish this a bit. This moves to a second reading next week.

Fritz: I might suggest to have it as a second reading after the olcc alcohol impact area, so we can hear their -- december 17th. It would be after.

Adams: When is that -- when's the next council.

Moore-Love: January 5th.

Adams: We'll continue this to january 5th.

Leonard: I wonder if we can move to 1576. I have water bureau staff standing by.

Adams: To pull that, i'm sure. Please read non-emergency ordinance item 1576.

Item 1576.

Adams: Commissioner randy Leonard.

David Shaff, Director, Water Bureau: Good morning. I'm david shaff. The director of the Portland water bureau and with me is mike, chief engineer of the water bureau, teresa, project manager for the compliance program and christine, the chief procurement officer for the city. We're in phase two of the project. Phase one was the excavation. Phase two is the design and construction of the reservoir.

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Leonard: Phase one is completed?

Shaff: Phase one is Completed. The design is completed and we're ready to move forward with the construction and we're here seeking approval to put the construction of the reservoir out to bid. As you probably know, development at Powell Butte is governed by a 2003 master plan that approved development include construction of a new underground reservoir, the water system components and park components and we've conducted an extensive public process to review issues related to Powell Butte, the park and region's water supply. It included a formal stakeholder committee, composed of interests outside of city government, schools and recreational interests and outside wholesale water buyers. You may know that Powell Butte was purchased in 1925 solely as the site for the city of Portland water storage reservoirs and first -- it is first and foremost, a water facility and established as a natural resources based park and officially opened to the public in 1990. As part of the conditional use master plan, the project includes replacing the existing maintenance shed and building an interpretive center and restroom and new maintenance facility at a different location will be built for the expanded needs of both the water bureau and park. The existing gravel main parking lot will be paved and making trail improvements and a new natural grass setting amphitheater to support the outreach programs. The estimate remains at \$100 million of which approximately \$4 million is estimated to be the cost of the park improvements. Mike is here to provide you with information regarding the permit process we're using. And how we'll be maximizing the MWESB participation in the process. And Christine should be able to answer questions on the permit -- procurement process and how we're doing things differently to maximize the MWESB participation.

Mike Stuhr, Chief Engineer, Water Bureau: We're turning on with this project we have had underway for many years. David mentioned also that the government estimate is around \$100 million, I'd rather not reveal details of the government estimate because we're going to be bidding shortly. But in that ballpark. One of the challenges in this contract is that something on the order of 90% of this cost is concrete, rebar and big pipe. That presents some challenges for letting the good faith process trickle on its usual course. We chose to do the design, bid, build a couple years ago, thinking in the economic times at that time, we would get the best price for the government out of that. And while it is huge dollar value, it's not really terribly complicated. It's a big fat concrete box and we decided to do it design, bid, build. Christine Moody approached us and said is there anything we can do to do a better job of ensuring that our good faith efforts pay off. So convened a group of us that included bureau staff, Christine and her staff, and Jim Van Dyke and Erica George from the office of counsel and one of the things we wanted to talk to you about is we're sort of creating a new outreach plan for this contract to be put in with the bid process that ensures that -- not necessarily ensures, but will give us a better chance to make sure we meet the good faith effort and I'm going to let Christine talk about that a little bit.

Christine Moody, Purchasing Manager, Bureau of Purchases: Christine Moody, procurement services. Because of the size of the subcontracts at the first tier level on this project, our typical standard GFP process we use asking for MWESB quote, five, at the first sub-tier contractor level and doesn't go down to multiple levels underneath that. In past efforts we use alternative contracting process we found success by using a MWESB outreach plan and that where the city works with the contractor, after the awarded bidder has been proclaimed, we work with them on diversity plan, that reaches down below the first tier subcontractor level into the second and third tier level and we've seen success in that in some of our past projects and what we wanted to do on this project because of the large dollar amounts of the first tier contract is use that same kind of plan to increase MWESB participation on this large project. So doing something a little bit outside of the standard but it's a -- the city process used on several projects in the past.

Stuhr: I mentioned a couple you have things that are in what's the minimum requirements. We're going to have an inspirational goal which will be in there. We're going to talk to them in the

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specification about how we're going to do the outreach. What kinds of financial assistance, bonding and so on that are available to help them out. Approaches to developing workforce training and hiring programs and also identification of things we see as subcontracting opportunities that a big heavy civil contractor might miss. They'll be focused naturally on the big concrete steel box. I think what we've done with the help of procurement and council staff will have very good control over this, one of the benefits of having a big job like this, we get big sophisticated contractors that are used to competing in the federal marketplace and they have professional staff that deal with minority and small business contracting and I think that we aren't going to give them notice to proceed until we're satisfied with the efforts they've done. I think that will help out a lot with the mvesb requirements. Other things of note, cost overrun, the biggest you can get on this type of job comes from unforeseen site conditions usually involved with digging the hole. We've already dug the hole. We have to come in and put in a big concrete box and chances of having cost overruns on this project are small and we have the usually tools in place and we'll be inspecting the job to keep an eye on this but the chance for the biggest time of cost overrun is very, very limited because we've done the excavation already.

Saltzman: This is being done a traditional --

Stuhr: Design, bid, build.

Saltzman: When you say that --

Stuhr: Three steps. We designed it --

Saltzman: Going for low bid in the construction of the big box.

Fritz: Thank you very much. When I asked this to be pulled, it's a large number and I know you've been doing good work and thank you, christine and david you and your staff to look for way to increase the number of women and minority and small businesses in the contract. If there's a cost overrun, who bears it? Do we eat it or do they get more money?

Stuhr: That's a negotiation and depends on the cause. In the process of them filing a claim, if we find that the claim is legitimate, we would be legally obligated to pay and we would, and if we don't find the claim legitimate, then it backs a dispute and handled through the disputes clauses in the contract.

Fritz: Does the contract come back to council for approval?

Shaff: Yes, it will.

Fritz: Great. One thing that might be helpful. The contracts allowed to have as all city contract, 25% cost overrun, since the initial number is so large, it's a significant amount of money so might be something in the contract that would say it couldn't go -- I appreciate the explanation why it's not going to go \$25 million over bid, but it would be good to specify that in the contract. Can you tell me what the impact -- and I recognize this is a project which has been long manned and budgeted for and is in the budget and next year's ongoing, do we know the impact on the rate per year and how long this project will be paid for through the rates? The whole reservoir at powell butte project?

Shaff: I think we have the dollar amounts --

Stuhr: I can tell you -- I don't know what that turns into in rates. Takes that budget spread, again, not adjusted for the detailed government estimate. This year, '11-12 -- 13-14, \$27 million. 14-15, \$7 million.

Leonard: That's beyond this particular budget?

Stuhr: That's the whole spread for this project.

Shaff: For powell butte.

Fritz: Is it like the big people project where after the initial expenditures we pay off that service for 20 years or so?

Stuhr: That's the way the bonds are paid off, right.

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Fritz: Right. So those numbers are the expenditures and then will there be 20-year bonds or something we'll be paying off on?

Shaff: 25-year bond dollars what we're usually selling these days.

Fritz: Others and I did the big people project and I was a citizen following it in the paper, I found it really helpful to know that we bond to get the money upfront so we're not burdening the ratepayers unduly all at once and means we're paying it off over 20 years thereafter and that's why the rates will continue to go up because we're paying that back. Like paying back my mortgage debt, made sense to me. I think those are all my questions. I greatly appreciate the explanations and the fact it's not an emergency ordinance.

Adams: Other council discussion? This moves to second reading. Anyone wish to testify on this matter? All right. Moves to a second reading next week. Please read the title and call the vote for item number 1582.

Item 1582 roll.

Leonard: Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] item is approved. Can you please read the title for report, item number 1583.

Item 1583.

Adams: Ms Pellegrino and Team?

Martha Pellegrino, Office of Government Relations: Thank you, thank you, mayor Adams, and members of council. Very pleased to bring the 2011 state legislative agenda to you today. Just a really quick word about process and how we got here. The process for building this agenda began last spring and involved a deep and ongoing involvement from you, from the bureaus and from the public. And this year with the encouragement of you Mr. Mayor and commissioner Fritz, we held two public forums along with the office of neighborhood involvement to directly solicit public input into the agenda. Since we have discussed the contents of the agenda at two council work sessions, I just want to stop there and I'm happy to answer any particular questions.

Adams: Have they chosen co-speakers yet?

Pellegrino: Mr. Mayor that is still in deliberation. The house democrats have elected representative Arry Roglan, from Coos Bay. And I think we anticipate that the house republicans will continue to have representative Hannah, from Roseburg as their leader. The format of how they'll work out their power sharing agreement has yet to be revealed.

Adams: Any additional discussion from council? Does anyone wish to testify on 1583? Will you please call -- chair will entertain a motion.

Fish: So moved.

Fritz: Second.

Adams: Moved and seconded.

Pellegrino: The only thing I would like to add is a few thank yous, if I may. My team from government relations is here today and members of government relations have put in many long hours on the agenda. I wanted to briefly introduce David Barenberg and Dan Eisenbeis, Stephanie Mendoza Gray, Matt Jaffe, and our administrative team, Amy Jukowski and Leslie Kelley. I'd also especially like to thank each of you for your direct involvement in the building of the agenda, your staffs, and each of the legislative liaisons in the bureaus. I think it is -- the result is a very good one and one that has been thoroughly vetted and researched. Thank you.

Saltzman: Is this gentleman over here part of your group?

Pellegrino: Actually. The newest member of my team, this is his third day. This is Nils Tillstrom who is our federal assistant and is now actually busily working on the city's federal agenda with me. Welcome to the whole staff.

Adams: Welcome. We're really, really enthusiastic to have you.

Leonard: I would think you'd need a hard hat for a federal agenda.

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Adams: And a shield and a cape. Please call the vote.

Leonard: Aye.

Fritz: Thank you for co-hosting the public forum with the staff of the office of neighborhood involvement. In January 2009 when the mayor and I were holding a forum to talk about the agenda last year, at that time we promised we would start much earlier and with your help, Martha, we were able to do that. It was wonderful how many people turned out and how thoughtful the input was. Walking paths liabilities, 9-1-1 privacy, raising the beer tax, and the theme of equity was more pronounced. My understanding is the mayor has prepared a cover letter to explain the briefing behind our entire agenda to the legislators, and I think we're making a lot of progress in a lot of ways, and I greatly appreciate being part of the team. Aye.

Fish: Martha, we were all pleased with your appointment as the new director. This is your first package you've brought to us and worked through. You've done an excellent job. Every time I've been asked to go to Salem to meet with legislators on any subject, what I get back is how effective our team is. Congratulations to you and our team and we're very proud of your work. Aye.

Saltzman: I would echo those remarks of Commissioner Fish. I think we hear good feedback about our team. Our expectation is 100% delivery of course. Nothing less. [laughter] Aye.

Adams: Well, this is going to be a wily session. Not only is the task before them exceptionally difficult, but there's a house divided, I speak on behalf of my colleagues when I say we will probably spend more time in Salem than we have had to in the past, for me, five, six years, and we stand ready to help you deliver for Portlanders. I want to thank you and your entire team. Not only are you smart and good, but you're also great to work with, and we appreciate that. Aye. Please read 1584.

Item 1584.

Adams: Eric Johansen, what are we looking at here today?

Eric Johansen, City Treasurer: Eric Johansen, city treasurer. This ordinance will authorize us to issue up to 36.2 million of long-term bonds for the east side urban renewal area. The proceeds will be used to pay off a line of credit that has been established for the central east side. Additional proceeds will be used to fund cost of issuance and a debt service reserve. There's no new money as part of this particular authorization. The bonds will be secured and payable solely from tax increment revenues of the central east side. There is no full faith in credit pledge of the city on these particular bonds. We're expecting a sale probably in the middle of March. Interest rates continue to be pretty good, and hopefully things will stay that way and we'll be able to execute the financing at very attractive interest rates. I'm happy to take any questions.

Adams: Anyone wish to testify? Please call the vote.

Leonard: Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. 1584 is approved. I want to confirm for the record, unless there are objections, that we will have, I assume, an evening hearing on February 2nd for the tree code ordinances package.

Fritz: So moved.

Adams: It's been moved.

Leonard: Seconded.

Adams: Anyone wish to testify on this motion? Sue, can you please call the vote on the motion?

Leonard: Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. We are adjourned for the week.

At 11:08 a.m., Council adjourned.