



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 24TH DAY OF MAY, 2000 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi (late), Hales, Saltzman and Sten, 5.

OFFICERS IN ATTENDANCE: Britta Olson, Clerk of the Council; Harry Auerbach, Senior Deputy City Attorney; and Officer Larry Siewert, Sergeant at Arms.

- 701 TIME CERTAIN: 9:30 AM** – Rose Festival update by Executive Director (Presentation)

Disposition: Placed on File.

- 702 TIME CERTAIN: 9:40 AM** – Authorize the rates and charges for water and water-related services by the City of Portland during the fiscal year beginning July 1, 2000 to June 30, 2001 and fix an effective date (Ordinance introduced by Mayor Katz and Commissioner Sten)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

- 703** Amend Title 17 of the City Code to revise sewer and drainage rates and charges in accordance with the Fiscal Year 2000-2001 Sewer User Rate Study and amend Title 7 to reduce the Utility License Fee for the sewer utility (Ordinance introduced by Mayor Katz and Commissioner Saltzman; amend Code Chapters 17.36 and 7.14)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

- 704 TIME CERTAIN: 11:30 AM** – Amend City Code relating to Purchasing (Ordinance introduced by Mayor Katz; add Chapter 5.33, repeal Chapters 5.01, 5.32, 5.44, 17.20, replace Section 3.30.050.A.3 and add Section 3.15.080.C)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

CONSENT AGENDA - NO DISCUSSION

- 705** Accept bid of Brant Construction, Inc. to furnish CSCC Segment 4-A - N. Columbia Blvd. walk for \$421,775 (Purchasing Report - Bid No. 99666)

Disposition: Accepted Prepare Contract. (Y-5)

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- 706** Accept bid of Masons Supply Company to furnish concrete repair mixes for \$24,745 annually for two years (Purchasing Report - Rebid No. 99767)

Disposition: Accepted Prepare Contract. (Y-5)

- 707** Accept bid of Jones Chemical, Inc. to furnish sodium hypochlorite for \$52,800 annually (Purchasing Report - Rebid No. 99773)

Disposition: Accepted Prepare Contract. (Y-5)

- 708** Vacate a certain portion of NE 123rd Avenue and NE Hoyt Street, under certain conditions (Ordinance by Order of Council; C-9975)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

Mayor Vera Katz

- 709** Accept contract with All Concrete Specialties, Inc. for street improvements on School Safety Projects (1999) as complete, release retainage and make final payment (Report; Contract No. 32479)

Disposition: Accepted. (Y-5)

- 710** Accept contract with S&L Landscaping, Inc. for Overlook Park improvements as substantially complete, authorize final payment and release retainage (Report; Contract No. 32558)

Disposition: Accepted. (Y-5)

- *711** Authorize Airport Way Urban Renewal and Redevelopment Bonds 2000 Series A and Series B (Ordinance)

Disposition: Ordinance No. 174445. (Y-5)

- *712** Authorize refunding of Bond Anticipation Notes for Airport Way Urban Renewal area (Ordinance)

Disposition: Ordinance No. 174446. (Y-5)

- *713** Authorize Short Term Subordinate Urban Renewal and Redevelopment Bonds (Ordinance)

Disposition: Ordinance No. 174447. (Y-5)

- *714** Authorize agreement for Lloyd Business District Services with Lloyd B.I.D., Inc. (Ordinance)

Disposition: Ordinance No. 174448. (Y-5)

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- *715** Pay claim of Hilary Shapiro (Ordinance)

Disposition: Ordinance No. 174449. (Y-5)

- *716** Contract with Peck Smiley Ettlin Architects, Inc. for architectural and engineering services for design and construction of Fire Station 16 in the amount of \$89,895 and provide for payment (Ordinance)

Disposition: Ordinance No. 174450. (Y-5)

- *717** Authorize application to the Department of Housing and Urban Development for a grant in the amount of up to \$700,000 for Portland YouthBuilders (Ordinance)

Disposition: Ordinance No. 174451. (Y-5)

- *718** Amend contract with Urban Watershed Institute at Clackamas Community College for erosion control training (Ordinance; amend Contract No. 32811)

Disposition: Ordinance No. 174452. (Y-5)

- *719** Apply for U.S. Department of Justice, Bureau of Justice Assistance, bulletproof vest partnership grant (Ordinance)

Disposition: Ordinance No. 174453. (Y-5)

- *720** Authorize purchase of two portable flowmeters for the estimated amount of \$25,000 for the Bureau of Water Works (Ordinance)

Disposition: Ordinance No. 174454. (Y-5)

- *721** Increase contract with Beak Consultants, Inc. by \$12,984 for additional miscellaneous professional consulting engineering services and provide for payment (Ordinance; amend Contract No. 31706)

Disposition: Ordinance No. 174455. (Y-5)

- *722** Amend agreement for mitigation and monitoring in Bull Run with the USDA Forest Service (Ordinance; amend Contract No. 32263)

Disposition: Ordinance No. 174456. (Y-5)

- 723** Amend contract with Neles Automation in the amount of \$165,440 to upgrade the SCADA system for the Water Control Center (Ordinance; amend Contract No. 30999)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

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- *724** Amend contract with KCM, Inc. for \$25,000 for additional consulting engineering services on the well site improvements project and provide for payment (Ordinance; amend Contract No. 31932)

Disposition: Ordinance No. 174457. (Y-5)

- *725** Contract with Cogan Owens Cogan LLC to provide outreach services to the Portland Brownfield Showcase Program (Ordinance)

Disposition: Ordinance No. 174458. (Y-5)

- 726** Adopt City Engineer's findings for an encroachment in the public right-of-way and grant a revocable permit to adidas Village Corporation for a sky structure over North Greeley Avenue, south of North Sumner Street (Ordinance)

Disposition: Passed to Second Reading May 31, 2000 at 9:30 a.m.

- *727** Amend contract with LMK Enterprises, Inc. to include equipment with the annual supply of pipe lining repair materials for a total of \$325,000 for three years without advertising for bids (Ordinance; amend Contract No. 40551)

Disposition: Ordinance No. 174459. (Y-5)

- *728** Authorize agreements for the conveyance of one property from Eugene Fulop and one property from Anita Waltos to the Bureau of Environmental Services, subject to certain conditions being fulfilled, and authorize acceptance of deeds and payments of expenses (Ordinance)

Disposition: Ordinance No. 174460. (Y-5)

- *729** Extend legal services agreement with Reeve Kearns PC (Previous Agenda 677; amend Agreement No. 32278)

Disposition: Ordinance No. 174461. (Y-5)

- *730** Extend legal services agreement with Amburgey & Rubin PC (Previous Agenda 678; amend Agreement No. 32285)

Disposition: Ordinance No. 174462. (Y-5)

- *731** Extend legal services agreement with Miller Nash (Previous Agenda 679; amend Agreement No. 32498)

Disposition: Ordinance No. 174463. (Y-5)

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- 732** Contract with Kinetic Computer Solutions, Inc. for desktop computer training services (Second Reading Agenda 680)
- Disposition:** Ordinance No. 174464. (Y-5)
- S*733** Create interim Board of Purchasing Appeals (Previous Agenda 681)
- Disposition:** Ordinance No. 174465. (Y-5)
- *734** Authorize Purchase Order with Russell Construction for \$56,924 to make repairs to Mt. Scott Community Center (Previous Agenda 683)
- Disposition:** Ordinance No. 174466. (Y-5)
- *735** Add Portsmouth community and school garden to the Portland Parks and Recreation Community Gardens Program (Previous Agenda 684)
- Disposition:** Ordinance No. 174467. (Y-5)
- *736** Grant a revocable permit to Quality Food Center to construct, operate and maintain a stormwater sewer line within a portion of Springwater Corridor, under certain terms and conditions (Previous Agenda 685)
- Disposition:** Ordinance No. 174468. (Y-5)
- *737** Authorize the Purchasing Agent to sign a Purchase Order using State Contract No. 9100 with Oracle Corporation for software license and maintenance (Previous Agenda 686)
- Disposition:** Ordinance No. 174469. (Y-5)
- *738** Authorize agreements for the conveyance of one property from Kenneth Snyder and one property from Walter Ray, Oma Cavett and Wanda Barber to the Bureau of Environmental Services, subject to certain conditions being fulfilled, and authorize acceptance of deeds and payments of expenses (Previous Agenda 687)
- Disposition:** Ordinance No. 174470. (Y-5)
- *739** Extend term of ordinance granting AT&T a long-distance telecommunications franchise (Previous Agenda 688; amend Ordinance No. 162822)
- Disposition:** Ordinance No. 174471. (Y-5)
- *740** Authorize a contract and provide payment for impervious liner, spillway approach canal, Bull Run Dam Number 2 (Previous Agenda 689)
- Disposition:** Ordinance No. 174472. (Y-5)

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- 741** Authorize an agreement with the University of Portland for an amount not to exceed \$10,000 to provide engineering services for miscellaneous professional services in the area of design engineering and provide for payment (Second Reading Agenda 690)

Disposition: Ordinance No. 174473. (Y-5)

City Auditor Gary Blackmer

- 742** Approve Council Minutes for October 6, 1999 through December 29, 1999 (Report)

Disposition: Accepted. (Y-5)

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- 743** Direct the Bureau of General Services Communications and Networking Division to implement the Integrated Regional Network Enterprise (IRNE) in FY 2001-2 (Resolution introduced by Mayor Katz and Commissioner Francesconi)

Disposition: Resolution No. 35888. (Y-5)

Mayor Vera Katz

- S-744** Authorize submission of the FY 1999-2000 Spring Supplemental Budget to the Multnomah County Tax Supervising and Conservation Commission (Resolution)

Motion to accept substitute: Moved by Commissioner Hales, seconded by Commissioner Saltzman.

Disposition: Substitute Ordinance No. 174482. (Y-5)

- *745** Authorize Memorandum of Understanding with the Enterprise Foundation and the Portland Development Commission to form the Smart Growth Fund (Ordinance)

Disposition: Ordinance No. 174482. (Y-5)

- *746** Authorize commercial food waste collection pilot program and contract with USA Waste of Oregon, Inc. for an amount not to exceed \$100,000 (Previous Agenda 675)

Disposition: Ordinance No. 174483. (Y-5)

Communications

- 747** Request of Kathleen Juergens to address Council regarding Police response to the May Day march (Communication)

Disposition: Continued to May 31, 2000 at 9:30 a.m.

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- 748** Request of Dave Mazza to address Council regarding community involvement in the May Day investigation and police deployment for political events (Previous Agenda 691)

Disposition: Continued to May 31, 2000 at 9:30 a.m.

FOUR-FIFTHS AGENDA

- *748-1** Grant a revocable permit to the Portland Rose Festival Association to use Tom McCall Waterfront Park from May 19 through June 16, 2000, or as approved by the Portland Parks and Recreation Bureau (Ordinance)

Disposition: Ordinance No. 174474. (Y-5)

- *748-2** Grant a revocable permit to the Portland Rose Festival Association to erect and maintain flags and banners on the ornamental light standards in downtown Portland from May 25 through June 27, 2000 (Ordinance)

Disposition: Ordinance No. 174475. (Y-5)

- *748-3** Grant a revocable permit to the Portland Rose Festival Association to vend and sell Rose Festival items on downtown City sidewalks on May 25, June 3, June 7 and June 10, 2000 (Ordinance)

Disposition: Ordinance No. 174476. (Y-5)

- *748-4** Grant a revocable permit to the Portland Rose Festival Association to close certain streets from June 14 to June 18, 2000 to hold its Rose Festival Art Festival: waive fees for some permits and inspections (Ordinance)

Disposition: Ordinance No. 174477. (Y-5)

- *748-5** Grant a revocable permit to the Portland Rose Festival Association to hold the Starlight Parade in downtown Portland on June 3, 2000 (Ordinance)

Disposition: Ordinance No. 174478. (Y-5)

- *748-6** Grant a revocable permit to the Portland Rose Festival Association to hold the Junior Rose Festival Parade on June 7, 2000 (Ordinance)

Disposition: Ordinance No. 174479. (Y-5)

- *748-7** Grant a revocable permit to the Portland Rose Festival Association to hold the Grand Floral Parade on June 10, 2000 (Ordinance)

Disposition: Ordinance No. 174480. (Y-5)

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- *748-8** Grant a revocable permit to the Portland Rose Festival Association to close portions of city streets prior to the Grand Floral Parade for formation area from 5:00 a.m. to 1:30 p.m. on Saturday, June 10, 2000; for erection of seating in Winning Way from 8:00 a.m. Friday, June 9, through 4:00 p.m. Saturday, June 10, 2000; and for a float display area after the parade from 12:00 noon Saturday, June 10, through 8:00 p.m., Sunday, June 11, 2000 (Ordinance)

Disposition: Ordinance No. 174481. (Y-5)

At 11:31 a.m., Council recessed.

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WEDNESDAY, 2:00 PM, MAY 24, 2000

DUE TO THE LACK OF AN AGENDA

THERE WAS NO MEETING

MAY 25, 2000

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 25TH DAY OF MAY, 2000 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Hales, Saltzman and Sten, 5.

OFFICERS IN ATTENDANCE: Britta Olson, Clerk of the Council; Linda Meng, Chief Deputy City Attorney; and Officer Larry Siewert, Sergeant at Arms.

- *749 TIME CERTAIN: 2:00 PM** - Authorize Restrictive Covenant and Easement Agreement for Civic Auditorium (Ordinance introduced by Mayor Katz)

Motion to accept the amendment: Moved by commissioner Francesconi, seconded by Commissioner Sten.

Disposition: Ordinance No. 174484 as Amended. (Y-5)

- 750 TIME CERTAIN: 2:30 PM** – Council to convene as the Budget Committee to approve a budget

Disposition: Approved. (Y-5)

REGULAR AGENDA

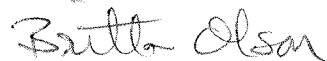
Mayor Vera Katz

- 751** Accept the report and recommendations of the Goose Hollow/Civic Stadium Planning Committee (Previous Agenda 700)

Disposition: Continued to June 7, 2000 at 10:15 a.m. Time Certain

At 2:40 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland



By Britta Olson
Clerk of the Council

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

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Closed Caption Transcript of Portland City Council Meeting

This transcript was produced through the closed captioning process for the televised City Council broadcast.
Key: == means unidentified speaker.

MAY 24, 2000 9:30 AM

Katz: Council will come to order. Good morning, everybody. [roll call] I have—I'm a softie when it comes to dick clark and the rose festival. We will take the four-fifths after we do the 701, and i'm going to ask somebody to make a motion and then we can accept it. Before we even get to that, sue, why don't you come up here—where are you? Come up here and introduce the young ladies. We used to call you girls. We don't call you girls anymore. The young ladies that I had a chance to spend an hour, a little bit more than an hour, and I have to tell you, every year the group is better and better. And you ought to all be congratulated, especially the volunteers and all of you. You're top-notch. So now it's an opportunity for the council to hear from them, or whatever you're going to do. ==i'd like to do the 14 ambassadors this year. We'd like to consider them almost our queen. Each one are outstanding young women. They're going—they've all great—got great ambitions and great roles in life. We want to share those with the mayor. I'm not sure what our time allowance is.

Katz: We're fine.

== I can have you come up and do your introduction, please. Probably right along the front of the table here.

Katz: Tell them—are they going to tell us—

Clark: yes. We have an introduction chat. We do a song—

Katz: No songs and dances anymore?

== i'm sarah from parkrose. I enjoy spending time with my friends and camping with my family. This year's opening celebration will feature the band hit explosion as well as the largest fireworks show in Oregon.

== i'm jenny from franklin. I love dance, drama and choir. I hope to someday be on broadway. On saturday june 10th I look forward to seeing the many different dancers perform at the international showcase at the memorial coliseum, presented to you by the united parcel services, which follows the southwest airlines grand floral parade, one of the largest parades in the world, and the largest single-day event in the pacific northwest.

== i'm andrea from marshall high school, and I plan on majoring in education and becoming a teacher. In the meantime, I love sports. One sport i've never tried is indy car racing. This year ace race will be held on the 23rd through the 25th. All you race fans won't want to miss it.

== i'm crystal from benson. I enjoy softball, volleyball and singing, and going to the movies. I plan to attend medical school to become a doctor. This year the rose festival is proud to present the pepsi waterfront village for 10 1/2 days, from june 1st to the 11th. The village will include popular food, exhibitors and amusement rise. As well as the award-winning kids kingdom, the international expo, and the Oregon trail. There's something for everyone this year at tom mccall waterfront park.

== i'm liz from david douglas. I plan on majoring in exercise and eventually becoming a physical therapist. This year the rose festival will open a brand-new gift store located in Washington park. At this fun new spot near the tennis courts, you can find any rose gift and souvenir imaginable. When you visit the store, don't forget to stop in the park and smell the roses.

== i'm may began. I plan on studying sociology or political science and pursuing a career in local government or social work. This year one of my loves, swing dancing, is being featured in a concert on friday night, june 9th. The big band classic presented by 1190 kex. The one more time around again marching band will present their swing through the ages program at the hillsboro stadium along with local high school bands. Plus it's all free.

== good morning. I'm alma from lincoln high school. I enjoy singing and playing the guitar. I'm copresident of our greens club which earned our school an award for best recycling program. Most

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people don't know the rose festival had been ranked cleanest festival in america for the past three years by the international festivals and events association. Thanks to solv, Portland general electric, the city of Portland, and thousands of volunteers, the rose festival association shows festivals around the world how to have good, clean fun.

== i'm march yell. I enjoy the arts from dance, to poetry, film and photography. One event you won't want to miss is the Portland art festival, presented by oldsmobile june 16th through the 18th. This nationally recognized arts festival will feature 125 artists, top entertainment and u.s. West's kids zone.

== i'm jesse from grant. I love singing, acting, dancing and volunteering and plan on becoming a speech pathologist. I hope to volunteer in the peace corps and I appreciate the events of the thousands of volunteers that help make rose festival happen. The court committee gives 800 hours of time to make it possible for us to be here today.

== i'm winona from central catholic. I enjoy working with children. I—participating community service projects around the city to community—last year this program received an award for best community outreach in the world. Way to go:

good morning. I'm amy from wilson. I enjoy playing and coaching soccer, reading and travel. One of the many features of this year's Portland general electric and solv parade is the traveling community. This line-up is composed of bands and marching units. Watch for us, the rose festival court on a float june 3rd.

== i'm leslie from madison. I love student government. I've coordinated my school's holiday program. One birth day party you're invited to is the bank of america 155th birthday with the symphony. It's the opportunity to see our mayor conduct the symphony. June 2nd, we'll be broadcast live. Happy birthday, Portland.

== i'm representing jefferson high school. I enjoy singing, skating and performing arts, especially modern dance. Many groups will be dancing, walking and riding along the homegrocery.com. Children from all around the world—

== i'm crystal from roosevelt high school. Although air force one will not be with us this year—I guarantee you'll be thrilled by the show-stopping performance july 21st through the 23rd at the air show. Thank you. [applause]

Katz: Thank you, everybody. Done well. Thank you. Thank you for being ambassadors for this city. And much luck in your plans and your ambitions, and as I said to you a few minutes ago, come back, come back, we need you. Okay. Let's do the consent agenda. Any items to be removed off the consent agenda item for discussion? Anybody in the audience wanting to remove a consent agenda item for discussion? Roll call.

Francesconi: Aye.

Saltzman: Aye.

Sten: Aye.

Katz: Mayor votes aye. 701. Mr. Clark?

Dick Clark, Rose Festival Executive Director: good morning, mayor Katz. Members of the city council. My name is dick clark, executive director of the Portland rose festival association. This is marlin, the associate executive director. Thank you very much for hosting our court this morning. That was very wonderful. Eight days from now, we will begin the biggest birthday celebration in recent history as part of the 92nd Portland rose festival. On friday, june 2nd, tens of thousands of Portlanders will be welcomed to waterfront park to wish happy birthday for 150 years to the city of Portland. The party will include 150-foot-long birthday cake for 5,000 people for all to enjoy as part of the completely remodeled pepsi waterfront village. That evening, the spotlight will turn to the main event, the Oregon symphony playing a free two-hour concert and they will be debuting an original piece honoring the city's 155th anniversary. The symphony will be followed by the second night of fireworks, sponsored by the rose festival. More people will be able to enjoy the show through a live broadcast on tv. And as the ladies mentioned, we'll look forward to the mayor leading

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all of us in a rousing round of happy birthday, Portland. This special event that we're planning on Friday June 2nd is one of many partnerships between the city of Portland and the rose festival for the year 2000. These partnerships we believe exemplify the spirit of what's best about Portland using our limited public dollars wisely, and modeling to our youth their responsibility for the future. One of these partnerships that achieves all of these goals is the rose festival kids program. This year it adopted city projects in April and May. Among the projects was a group of 60 middle schoolers who painted 120 park benches at West Delta Park in preparation for the rose festival and other special events during the summer. Another set of school children painted city-owned drop boxes and turned them into works of art with murals on the side. Now, these drop boxes will be seen again. They'll be used by the volunteer clean-up crew after the parades. We'd like to present the council with a plaque of appreciation from the rose festival kids project and the city's participation and your role in that. Thank you very much. A new partnership with the city of Portland this year is also the Washington Park Rose Garden Store. Built by the city of Portland, it's now managed by the rose festival association. This store is already exceeding early monetary expectations. The store's goals are simple—earn proceeds to maintain our city's fine rose gardens and lessen the need for public funding, and promote Portland's beauty and tourism through the sale of rose-related merchandise. When you visit the store, please bring your credit card. Commissioner Francesconi did that and picked out a very nice mother's day gift when he was up there. Another way to promote the city's quality of life and the rose festival's mission is showcasing Portland's deep diverse cultural roots. Internationalism will be a common thread through three major rose festival events this year. Special section of the grand floral parade will feature four international floats, including new floats from the Vietnamese community and the new Chinese East Classical Gardens. The second event of internationalism displays the color of more than 600 Portlanders who will be dancing in the international showcase following the grand floral parade. Finally, down at the front—waterfront village we'll feature an 11-day exhibit tent with some of the same dancers and performers in the tent that will feature food and merchandise displaying Portland's rich international culture. We know part of your role in this partnership requires allocating public funds for such services as police, fire, and maintenance. We continue to appreciate the investment each year and we attempt to reduce those funds as much as we can. To that end, hundreds of volunteers will fan out for Stop Oregon Litter and Vandalism's make the town clean on Saturday June 3rd to prepare for hundreds of thousands of rose festival guests. Some of the same visitors and volunteers will help us in picking up garbage after all three parades, and thus saving city dollars that way as well. Also, as part of our new waterfront park programming, we are attempting to complement the ever-changing downtown and reduce the need for additional police services. With your investment of public funds in rose festival activities, the city and community continues to earn a sizeable return on investment. We have commissioned a new economic impact statement and those results will be available this fall. However, in 1996, it was reported that the rose festival generated an annual economic impact to the city of Portland of \$79 million. Additionally, the rose festival this year has pledged to continue to donate funds above and beyond the city-required fees. For example, we will be spending \$200,000 out at the city-owned Portland International Raceway for additional improvements in 2000 alone. We will also be giving another \$10,000 grant to the Portland Central Precinct, which last year bought a new horse trailer. Another \$10,000 has been earmarked for Portland parks and their summer school program, and lastly, as Commissioner Hales knows, about five years ago we pledged \$300,000 to parks for the waterfront park improvement plan. We'll be making our last installment payment this year on that \$300,000 pledge. On a lighter note, and hopefully saving some city dollars, we'll be distributing in the next couple of days a way of everyone being informed of when to put their lawn chairs out along the grand floral parade route. In conclusion, we thank you for your past and current support. Please accept these roses today as an early birthday present for the 155th anniversary of Portland. We appreciate your time. Thank you.

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Katz: Thank you investment— very much. This is a wonderful time for the city. It's time for—the weather is good, lots of activities, it's time for families to go out and visit places all around the city from the race car to the symphony, and enjoy the month of june. And thank you for your leadership, and thank you for willing to think about a different type of a festival, always changes, always looking ahead, always thinking about what's best for Portland. We really appreciate your leadership and the leadership of your team.

you're welcome, mayor. Thank you.

Katz: Now, since we have 748, to 748, and since we usually do those at the end of the morning, and we don't have an afternoon session, but since we have dick clark here and he might want to address any of these items, especially of—if there are any questions, i'll take a motion to suspend the rules and bring forth the four-fifths agenda, 7481-to 8.

Francesconi: So moved.

Katz: So ordered.

Olson: Use tom mccall waterfront park to—or as approved by the Portland parks and recreation bureau.

Katz: Read them all.

Olson: Okay. Grant to revokable permit to the rose festival association to erect and maintain flags and banners on the light standards in downtown Portland from may 25 through june 27th, 2000. Grant a revokable permit to the Portland rose festival association to sell rose festival items on city sidewalks on may 25, june 3, 7, and 10, 2000. Grant revokable permit to Portland rose festival association to close certain streets from june 14 to june 18, 2000, to hold its rose festival art festival. Waive fees for permits and inspections. Grant revokable permits to the Portland rose festival association to hold the starlight parade in Portland on june 3, 2000. Grant revokable permits to the Portland rose festival association to hold the june rose festival parade on june 7, 2000. Grant revokable permits to the association to hold the grand floral parade. Grant revokable permit to the rose festival association to close portions of city streets prior to the grand floral parade for formation area from 5:00 a.m. To 1:30 p.m. On saturday, june 10, 2000, for erection of seating and—from 8:00 a.m. Friday june 9 to 4:00 p.m. Saturday june 10, 2000, and for a float display area after the parade from 12 noon saturday through 8:00 p.m. Sunday june 11, 2000.

Katz: Thank you. 748-1. Anybody have any questions? Anybody want to testify on that item? Roll call was taken on **Item nos. 748-1 thru 748-8.**

Katz: Mayor votes aye. I'm going to assume that there's nobody that wants to testify on any of these items. I'm also going to assume there's nothing you want to tell us, dick?

Clark: I think they're self-explanatory.

Katz: Mayor votes aye. This reminds me of—in the legislature when senate would hold hearings at 7 o'clock in the morning, there was nobody there and just move bills, any objections, hearing none—nobody knew what was moving in and out. We do need at least the number. thank you once again for your support. We'll see you soon. All right. Thank you, ladies. We'll see you on the streets. [laughter] all right. 702.

Item Nos. 702 and 703.

Katz: 703, read that at the same time.

Katz: Okay. Mr. Rosenberg. Let me—let—let's just take the water first. Let me just say, we are going to have a budget work session this afternoon, but I want to compliment both the water bureau and the bs bureau, especially bs. I'll tell you why especially bs. But seriously, both of our utilities who have tried to do everything they can to reduce the increase in the rates, I also want to thank our purb and irv team and—to advise and provide some assistance to both of the bureaus to make that happen. The bureaus did take the same reductions, went through the same discipline that our general fund bureaus did. For—for some we had to struggle a little more with water inc. We had to with bs, but water also made the necessary reductions, and you will hear from mr. Rosenberg and tell us what the results were.

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Mike Rosenberger, Director, Water Bureau: mayor Katz and members of the council, thank you. My name is mike rosenberger, and I think i'll make the shortest presentation i've ever made in my history. I would like to refer to the handout I gave you. I just like to walk through each of the three pages that just hit some of the highlights with regard to the budget that is supported by the rate ordinance you have before you right now. The overall average effective rate increase is 3% for next year. It does include as the mayor just noted, 2.7 million dollars in reductions. If anybody in the audience wants a handout, we've got a stack of them here. At the same time as this rate—the rate ordinance will support a budget that is predicated on a number of cuts in the operating budget, it also provides for enhanced service levels in a couple of very important areas. Work force planning and development is one, the endangered species act is another, both the water bureaus participation in the urban portion of the city's response to esa, but the primary bulk of this—these funds will enable us to deal with our issues in the bull run. It extends the low-income relief to nonprofit housing providers and continues the sdc affordable housing fee waiver program. On the second page is just a quick summary of the impact of the rates as proposed today. Our typical residential customer will see a decrease in the water bill of \$1.32 per month. A 9.4% reduction, due partly to the cuts and due largely to rate reform. Commercial customers of a couple of different sizes as we know from the testimony, will see some increases. However, there will be some decreases in fire lines, which are essentially owned by commercial and industrial customers, and finally we've recalculated the sdc, it is still extremely competitive in the metro area, and we are phasing in that recalculation over a two-year period. The final page is just a graph to give you a five-year perspective on what has happened to our residential water bill. Monthly increases have averaged 2% over the last six years. If we don't adjust for inflation. And if we do adjust for inflation, the average annual decrease has been 1%. So we feel that we have made a concerted effort this year and in years past to keep a handle on and in fact reduce our operating costs. Rate reform has had an impact on this budget, and I guess that indeference to the elected officials, I would say my commissioner in charge and the mayor for the last several years have made efficiency and effectiveness a priority, and I think we've tried to respond to that, and i'd like to thank our employees for that too.

Katz: And you have. With your leadership and your staff, and the employees of the water bureau, you have, and I truly appreciate it. Questions? Preference? Doug, do you want to do it now do you want to say something now or do you want to wait until why don't you come up now and talk about the water rates.

I think—

Katz: We'll take you when we finish the sewer rates. Okay. Dave, your preference? Same thing? All right. Anybody want to testify on this item? Okay. Let's take the other item.

Dean Marriott, Director, Bureau of Environmental Services (BES): good morning, mayor Katz, members of the council. I'm dean marriott, director of environmental services for the city. We also have some handouts which we have posted over here with the clerk if anyone in the audience would like one. I also will be very brief as the mayor mentioned, we also met all the targets established for reductions this year. We've essentially held our operating expenses flat. What is essentially driving our rate increase at all is \$88 million capital program next year, and that continues our commitment to clean up the columbia slough and the willamette river. We believe we've completed with you a successful rate reform operation working closely with the water bureau, the objectives were fourfold—affordability and rates to create a clean river incentive program for people who manage storm water on site, provide enhanced low-income assistance, and generally simplify the water and sewer bill and give customers more control over their amount of their bill. Turning the page on affordability, on the sewer and storm water side, the average single-family customer bill next year for residential customer will increase 3.3%. For about 23% of our single-family residential users they'll see no increase at all, or a decrease in their residential bill. Based on the amount of water they used. For about 31% of our commercial or industrial customers, they too will see no increase or a slight decrease in their bill. So it very much depends on the amount of water or waste water that people

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use or generate. Just a word on enhanced low-income assistance. This ordinance reflects a one quarter of a percent reduction in the utility license fee, revenues generated are being set aside in a fund to provide low-income assistance. The details of exactly how that will be administered are still to be worked out. We're working with the city attorney's office and others to deal with some legal issues that have arisen about how just to do that. I just want to alert you all that those details have not yet been worked out, and in fact may we may have to come back to you in a few months to suggest some alternative approaches if for some reason we're not—

Katz: What legal issues?

Marriott: involving some federal regulations about the use of sewer rate revenues and how they can be provided—whether or not we can in fact provide the kind of direct rate relief to nonprofit housing authorities that we—the council's intent to provide. So we're trying to work through those issues. We hope we can, but I wanted to alert you there's a possibility we may not be able to, and we'll have to come back and recommend some different approaches. Our target for doing that is september. On the next page, more controllability of utility bills. I think we've been very successful working with water bureau to reduce monthly account service charge for most customers. We hope also working with the water bureau to have the account service charge be merged into one account service charge, shooting for october to do that. Just in summary, the rate reform efforts that you all have gone through with much deliberation and hard work the last year or so appear to be successful at this point. More control over the bill for the average customer, we hope to be able to implement in january the clean river storm water incentive program, and I think for many people this will be a much more affordable waste water and storm water bills in the future. With that i'd be happy to answer any questions you might have of me.

Katz: Questions?

Francesconi: Dean, I have one. I'm confused. On the utility franchise—i don't know if this question is for you or for other staff, or for the council. On the utility franchise fee reduction, at the time of the hearing, I thought we were reducing it but capturing the money to use for low-income relief the way you just suggested. But then i've also heard that we may be just reducing it across the board and not using it for low-income relief. I favor the former as opposed to the latter for reasons I could get into later. Which are we doing?

Marriott: well, we're reducing it by a quarter of a percent. Across the board. We are, however—we have built into our rates that we have in this ordinance before you, adequate revenue generation to provide in—roughly an equivalent amount of financial assistance to the low-income housing providers. That's the one issue that we're stuck on right now, is—as to how to actually deliver that assistance.

Francesconi: So let me rephrase it. So business and high-volume users will still get a reduction from the franchise fee reduction.

Marriott: yes.

Francesconi: Okay.

Katz: And so what are you capturing?

Marriott: we've built into our rate ordinance—

Katz: You've built it into the rates.

Marriott: -- revenue to provide—

Saltzman: part of the commitment was to reduce the utility franchise fee by a quarter of a percentage point, but also provide enhanced low-income assistance to housing authority projects and other nonprofits.

Marriott: right.

Saltzman: We're still trying to implement that. There may be some legal obstacles, but I think the commitment is still there to enhance that assistance to that sector.

m-hmm.

Saltzman: Everybody gets the .2 five reduction.

Marriott: right.

Saltzman: That's just off the reduction—off the bottom line of the bills.

Katz: Okay. When will you have worked out the legal issues?

well, we've—we're targeting september to come back to you with a method of doing this. That presumes we can in fact work out the legal issues. It may be that we'll come back in september and have to report or perhaps earlier and have to report that we need to change direction. But it's too early to tell right now.

Sten: This is one where I was talking to commissioner Saltzman, if epa tells us we can give a rebate to individuals but not the to same people if the bill is paid by the housing authority, I intend to go back to dc and talk to somebody at epa about this. I want to have both a legal and political strategy. The poorest people live in buildings that the housing authority and nonprofits own, so I understand there's a legal wrinkle to get through on how do you pass on a discount, but logically if you discount it for years—I know you and I agree the issue is whether or not the bill is paid directly by the poor person or by somebody else. I think the hurdle is we have to be able to document with our housing partners that the money is actually getting in the pocket of the person in the unit.

Katz: That's the hurdle.

Sten: There's a good reason that epa is a little touchy on this, because we don't want to discount this and not have the money get through. But my estimation is what we're doing with this low-income program is extending the definition of a bill-payer to include nonprofits and—in the housing authority. The reason when I made this proposal I limited it to those, I think it will be very hard—there are for-profit buildings that serve the same clientele, but I don't think we'll be able to show the passion-through. But that's the legal issue. I want to approach this legally and in substantively if the legal answer is, no, we just can't do this because it doesn't quite meet the statutes. Christmas something i've committed to take on.

Katz: That would be interesting to see how that's resolved in light of ballot measure number 5. And the fact that we could never pass through the property tax bill reductions to renters as well on that. There was a lot of promises, but there was no way for us to be able to see if in fact that's been done. And I don't think anybody's donny research on that to identify whether renters experienced a 17% of their rent I think is for property tax, if they experienced any relief. I doubt it. It would be interesting to follow this. Thank you. Further questions?

Saltzman: Just to highlight one point, that is the change also as part of our rate reform that will allow people to manage their storm water onsite, that can be a residence, a business, whoever, but they now won't be able to get a discount on the storm water management fee of their sewer bill as well. That will be available—we hope to have that discount by october 1st. We do have to set up the process where property owners have to apply to us and we have to basically make sure that their onsite management system is not posing any problems to us in any manner, but—from a quality and a quantity prove. Point of view. As you heard from many residents, particularly in mid-county, where a lot of the storm water is managed onsite by property owners, this will be an avenue where they can discount their storm water management bill up to probably 35%. And that will be—we will have that in line—do we have to come back as a council and get that up and running?

==yes.

Saltzman: We'll be doing that in the next few months as well.

Katz: Further questions of dean?

Francesconi: I have one more. The issue of the monthly billing, when will that come before us? actually, my—

Katz: Come on up come on up, mr. Rosenberger.

Rosenberger: we're planning to be before the council in july. I would like to get some reading material to you at least a couple weeks before that, so maybe mid-june or so. We are making a—progress on a couple of fronts. We're look at this in a couple of ways. One is enhanced productivity and looking at how well and how cheaply we can do what we're doing now in terms of meter

reading. At the same time, we're looking at partnership opportunities in a formal manner with northwest natural gas and Portland general electric. The two of them have been in a partnering mode for about a year or so. They've invited us in. We're looking at, if there is an advantage to the three participants of us doing something with them, keeping in mind the various kinds of criteria that we would have as a city and an agency, but all of that will be part of the analysis that we're going to bring forward for the conversation in July. And we will be looking at variations on a theme, whether it's quarterly, like we have now, bimonthly, advantages, pros and cons and getting some direction on how we would want to move forward.

Katz: Have you two made up on this issue? Are you still fighting among yourselves?

I think we've made up on all issues. All fronts. [laughter]

Katz: Thank you both. Anybody else want to testify? The public. If not, let's have the purb and then the—where are you from, up in the balcony? What schools? Sunnyside. You've got a large contingency that has been here and now is here again today. Welcome, everybody. Have a wonderful day in the city. Okay, Doug.

Doug Morgan, Public Utility Review Board (PURB): thank you very much. Doug Morgan, chair of the public utility review board. I'm joined by the chair of our standing committee for water, Jay Formick. I'll make general comments and then I'll have Jay highlight some of the issues that we've identified that are highlighted in your handout that you have available. And we also have our report available for the public if they wish to review it. Each year at this time the public utility review board comes before council to give our recommendations on the work of the utilities with respect to financial plans, budgets, and the rate recommendations that we're making. Recall when you created purb in 1994, where we were then compared to where we are now. In '94, we were anticipating double-digit rate increases. If you look at where we are today, it's a remarkable turnaround. And there are a lot of folks who participated in making that possible. The 15 members of purb representing lots of different constituency groups, I think provide an opportunity for a deliberative forum where differing stakeholders can come together and deal with issues of fairness and equity and affordability and over the history of purb, I'm pleased and surprised at the remarkable amount of unanimity we've reached each year in coming before council. Seldom has there been fundamental disagreements. This year is an easy task for us. In large part because the mayor has carried the ball, and the point person I think this year in working with the water and b.e.s. To keep the rates down. We've been helped a lot by the rate reform proposal. But it takes a village to keep the rates down. To paraphrase a famous person. And I want to thank on behalf of purb, the members of council that have held our feet and the bureau's feet to the fire. We want to thank the citizens who have done that, and I think purb itself has served an important function in doing that. And most of all, the bureaus that have been very responsive. So this is a day kind of to celebrate, and the six-year—the nearly six-year history. Purb, the lowest rate increases we've ever experienced. I think there's a lot of people that deserve credit for that.

Katz: I'd love to take all the credit, but I can't.

==you'll get the blame.

Katz: I know. But both of the commissioners, Saltzman and Sten, with the bureaus have really done the first major cuts, and I only came in and pushed them a little bit.

Morgan: pushed them over the edge. But it reinforces the need for all of us in a collaborative way to kind of work together, and I appreciate the record that we've developed on that. I'll make just a general set of comments characterizing some of the features of our report, and Jay will pick up on some of the more specific issues. One of the things that is remarkable to me over the 5 1/2 years I've chaired purb and seen lots of change in membership, the one thing that's very consistent regardless of the stakeholders that are being represented, the one thing everyone cares about is the cost of service principle. And what that means for everyone is that the stakeholders that are represented are getting what they pay for. And not paying for things they're not getting. And this year, as we've experienced over the last 12 months, we have six new members of purb. We will have by this time

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next year, another six new members. So over the course of a year and a half, not quite two years, we will have changed 12 members of purb out of the 15. And so it's significant, I think, that in the face of that kind of change in membership, you can consistently get agreement, unanimous agreement on the importance of the cost of service principle. And what I want to do is come back and make a request at the end of Jay's comments that will follow up with some of the specific issues that are highlighted here, and starting specifically with the cost of service issue by pointing out how in our report that manifests itself again with a whole new set of members that have come on board over the last year.

Katz: Thanks.

Jay Formick, PURB: Mayor Katz and members of the council, it's a real pleasure to be sitting here with you talking about this issue, and as Doug's said, it's a lot of good news now. Most importantly, I just want to commend the council on behalf of purb for the good work it's done allocating the costs of the endangered species act, all costs associated with that could have been placed on utilities, and I think an argument could have been made, and would it have stood. However, the council resisted the temptation to do that, and appropriately assigned costs to bureaus and that is something that the purb really appreciates. And we just want to let you know that we appreciate the work you're doing and the attention you have paid to that sort of thing. There are some examples, and you have our document in front of you, and your staff has copies of it, so you can review that. I'm not going to go into a lot of detail. But there are examples of places where purb would like a little bit more work on addressing that cost of service issue. We certainly support full reimbursement for water and sewer line allocations, sewer and water line relocations due to transportation projects. Purb believes it would be inappropriate for ratepayers to have to fund relocations that should be paid for out of transportation resources. There's a heavy current growing so far as we can perceive it, for utility bureaus to start picking up some of the costs of transportation activities and expenses. And the purb just wants to reinforce the notion that utilities should be fully reimbursed, wherever that becomes a cost. We also are concerned about the proposal to use ratepayer funds as resources for green buildings initiatives. We're certainly in support of that whole concept of green solutions, but we're concerned about this change in policy from a historical approach that used solid waste franchise fees only for the costs associated with the bureau. And we're not convinced that the green buildings initiative fits into the category of cost of services. It seems to be a subsidy of that program. And we would ask that you look at that really closely. Finally, the new computer system, customer information system has been in the process of implementation for a long time now, and we hope that during its evolution, it is continually evaluated for potential cost savings, and those cost savings be identified and regarded as cost effectiveness of service enhancements, or reducing rates, or slowing the increase of rates, and not applied any—any cost savings applied for things not associated with the bureaus. And their responsibilities. Again, our commendation to you for your good work, and we're happy to be here and serve the city of Portland.

Morgan: let me just end on a question of the council. I'll go back to the issue of having a fully staffed public utility review board. We currently have two vacancies, and those vacancies have been unfilled for some time. We will have another four vacancies by the end or—of this next term, which three members term—are term limited out, and another vacancy that will occur in the normal course of people's lives changing. So over the last two years, we will have a change of 12 members. What's terribly important, as you know from your own work on utility issues, if—they're very, very complicated. It requires a couple of years at least a year and a half for people to get up to speed on the complexities, and to be able to deliberate in the kind of way that you expect. So it's very important that these vacancies get filled quickly, with the best people that we can find. And what's at issue here is the sort of thing that arises frequently when council is asked what kind of public oversight is there of various activities and functions within the charge of council. I think the purb has served a terribly important function, and can continue to serve council well, but it can serve it better when we have staff—we're fully staffed with folks who are able to master the complexities of the

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issues that we face. And so my request is that collectively we work hard in making sure that vacancies are filled quickly. Thank you very much.

Katz: Thank you. I'll take some responsibility for that. We'll do that. Thank you.

Saltzman: I have a question. We do very much appreciate the purb's work, and your comments about the turnover certainly are dramatic and compelling. I'm wondering, given this is very dense stuff for citizens to get their hands around, do you feel—are we providing adequate orientation to new members who do decide to serve on the board? Do you feel we could do a better job there?

Morgan: I think my sense is the orientation that's been provided is as good as it can be. What ultimately is need second degree people to experience through discussion the complexity that arises and then trying to sort through it. And no amount of orientation is going to replace the need to actually roll up your sleeves and kind of get involved in the complexity of issues. It's just time on task, I think, that's important.

Jay I would offer this comment in support of what doug said. I think the utility review team and the bureau staff have all been really, really good about making sure the purb understands the issues before them. There's no doubt that there are questions and there are question that's go unanswered throughout a deliberative process. However, the staff of the bureaus and the utility review team has been very, very good. Excellent, I would say, in their assistance whenever those issues come up that are very difficult, very hard to understand.

Morgan: patience. Lots of patience on their part. We appreciate it.

Katz: Let me ask a question with regard to your—some of your recommendations. You've identified where we go beyond the cost of service, you've identified where we play be cost shifting, where we charge residents, but provide the service to nonresidents or advise a verse a. Which of these issues do you have the biggest problem with because the numbers are relatively large compared to others?

Morgan: it's always, as you know, every year we've always had before you a recommendation dealing with the utility franchise fee. Because that's big money, both for council as well as for the citizens. So it becomes always a contested issue. I think it's fair to say that purb overall would prefer in this order a kind of ranking of how to deal with this issue of cost of service and relationship to the franchise fee. Number 1, eliminate it. That's—that turns out to be relatively impossible. So the second choice, reduce it. Third choice. Cap it. Fourth choice, dedicate it. Dedicate as much of it as you can for issues that are connected to ratepayer service. For low-income, for rate relief of various kinds. That's easier for members of purb to justify in terms of cost of service than to have the utility franchise fee be used to support parks and police. And other general service—general fund activities.

Katz: Okay. The areas of it being used for you talk about leaf removal, and that everybody's paying it, but only some neighborhoods see the benefit of leaf pick-up. Talk a little bit about that. Do you see a lot of other areas where that—you can highlight that those kinds of issues?

Morgan: I don't know that there are a whole laundry list of those things. I think the leaf collection discussions have led to a kind of sense that leaf collection is important to provide if we're going to do it, we need to do it even-handedly for everyone in the city, and secondly, we need to do it in a way of possible—if possible, that can recover as much of the cost of doing that. And whether or not and how we do that is an issue we'll be taking up within the next month, as we meet with members of the solid waste staff.

Katz: Okay. Thank you. I just want to—i want to say it every year. You're not afraid to be in our face, and that's your role. That is appropriate. Don't be afraid to anger your commissioners in charge, or the city council. That's the reason you're there. You are an independent arm's length body that tells us things that probably we may not want to hear. That's very appropriate. Don't stop.

Morgan: thank you. We won't. Thank you very much.

Katz: Okay. Further questions? The same goes for urt as well.

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Dave Hasson, Office of Management and Finance (OMF): i'm dave, utility review team office of management and finance. I would like to reiterate and emphasize the mayor's comments from the beginning of this discussion about the good job the bureaus have done in reducing budgets. Both water and environmental services reduced their operating budgets from the target level by close to \$3 million each. That's not a small amount of money. So both bureaus did a very good job, I believe, in following the spirit of this year's budget season, and that's reflected in the rate proposals received before you. Also the rated proposals reflect the resolution that the council recently pass order rate reform, and as we've discussed before, the effective—effect of that is to provide rate relief and benefit to you—higher bills for the larger customers. For various reasons that we've gone over. I guess there's really only two areas of issue that I would put before you for your consideration on these rate proposals. One of them you've already touched on, that's the utility license fee. Seems there are three options here that have been talked about to a greater or lesser extent on the license fee. One is to keep the license fee as it is unchanged, as in the mayor's proposed budget. Another option is to reduce—

Katz: Mayor's—original proposed budget.

Hasson: okay. Original proposed budget. One—the second option is to reduce it a quarter point, and let it go at that. The third option is to reduce it a quarter point but to keep in the rates the equivalent amount of money and redirect it towards low-income housing assistance or other purposes, and it's the latter approach that is before you in the rate ordinance, and I guess I would like to make it clear to everybody that that means that most customers would really not even notice the reduction in the license fee, because it's offset by something else. So there has been an impression that's been given that the reduction of the license fee is imbedded in this rate ordinance proposal that customers would see a benefit. They probably won't notice the benefit, because it's being offset by increased expenditure elsewhere. So I just want to make that clear to all who are listening.

Sten: That depends how you view it, because there's at least one vote, there might be three, to extend the low-income discount if we don't reduce the franchise fee. Because I see them as related, but separate actions. So therefore I actually believe it is a quarter point lower, but I don't know where the council would be, having not had the question of, would you not give low-income people a break if you didn't reduce the franchise. I suspect there may be three votes to do that. It's a very rhetorical area.

Hasson: I understand. I agree. It's—

Francesconi: Plus the— there's a benefit to not having the increase be more. I don't quite know what you're saying.

Hasson: well, what i'm saying is that we've heard from some customers and members of the public that the license fee is going down. Oh, i'm going to see a reduction in my bill as a result of that. I'm trying to make it clear they won't actually see a reduction. Because it's offset by other things.

Francesconi: Okay.

Hasson: that's all i'm trying to say.

Sten: I'm saying those other things would probably happen if they didn't get this.

Hasson: perhaps.

Sten: It's three votes up here, and—

Katz: That's—

Hasson: the other issue is whether the council would like to phase in any of these changes in rate reform. There's been some discussion about that. It's been not a universal practice, but a common practice in the councils to phase in changes that have significant impact on some customers, and so the proposal before you tonight today undertakes such a phase in. But that's something you may want to consider.

Francesconi: I'll address it in my remarks.

Hasson: so that's basically it, unless have you questions for me.

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Katz: Further questions? Thank you. Same goes for David. I know that he is a paid staff person who works for the city of Portland, but he's also to be his—his direction is to be in our face on these issues, even though we may not like to hear what he has to offer. Okay. Anybody else want to testify? If not, then these items move to second. 702 moves to second, 703 moves to second, if any council members want to say anything today as opposed to next week, this would be a great opportunity, otherwise we'll go on to our regular agenda. Why don't we start down here.

Sten: I just wanted to, since you probably won't be back next week, take the opportunity to thank all the people who testified in the bureaus for their hard work. I think I would characterize—I think the same is true with the bs—this budget marks the end of several years of retooling our programs to be ready for the next 20 or 30 years. If you look at the major new initiatives in the water program, it's its work force planning, because the work force will change dramatically, the endangered species act, that's the one issue that has the potential to probably not in the real world, potentially shut down the operation. It's something that has to be dealt with both as an emergency and an opportunity to do something for the fish. And finally the rate reform packages, which I think for water and b.e.s. Causes some gain and some pain among different customer classes on a one-time basis, but I think by the time we get a couple years out and this has been built into it, I think it's a much more appropriate way for the next 20 or 30 years to price the product. So I think what's happened over the last couple of years is a lot of retooling has been happening, and that's difficult to do. The cost of service principle is the right principle, but it doesn't lead to a clearance on many of the questions, because as we know from the service charge, you can rationally view cost of service as quite a different bunch of ways, but I think the way we came up with with the reduced service charge is probably the best based on all the different compromises. I think what the utilities have done, aside from being tight and squeezing the budgets one more year in a row and bringing down the cost, is essentially turn the operations to face forward, which isn't to say they were looking backward before, but we have a basis that I don't suspect we'll see for any time soon the kind of sweeping changes in how we approach business that's been done. And usually that kind of work for good or for bad gets done with a fell swoop, and this was done very systematically and thoughtfully. So I have a great deal of confidence that it will work, despite the fact that what you'll hear about mostly for the next six months is who won and lost. I think in the long run everybody wins if the system promotes conservation and fairness and is run fairly. I think that's what our utility leaders have brought to us. So thank you.

Saltzman: I just wanted to add that while these rate increases these years—this year is the lowest we've seen in for—for maybe six, ten years, and—that's great. That's great news to everybody. But what we really did, and why the true value of the rate reform is to really put in place some new underlying principles that will really give truth to the idea that if you can—consume less of a resource, which is a good thing overall, whether it's water, waste water, storm water, you consume less of it, you pay less for the cost of us to deal with that water waste waste water—to provide that you drinking water or manage that storm water. And we need to have solid conservation-based underlying principles there, and that's what we've done. And I want to thank—it's been a year-long process, at least a year-long process, and b.e.s. And the water and the water bureau and purb and the utility review team have done great work in making sure and providing us the input in asking us the tough question, but also delivering us a product, new rates, new rate principles that we believe will work well for the future. And we need to do that because the future does contain many potential increases in costs that will affect rates. We know the endangered species act is out there. We also know the clean river program is out there. We also know there's a possible superfund designation for the willamette river. And the city probably has a role there, a financial role too. So we need to get our rate principles sound and in place, because we need to make sure when these other cost increases do occur, they're borne in what we believe is an equitable and fair manner. And I think this is a great step towards that. I also just want to mention one other thing. Normally it's the practice to do the solid waste rate ordinance as well. I've asked that be postponed until next Wednesday afternoon so we can have more thorough discussion about the solid waste rate ordinance, and also my experience

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last year was that we spent a lot of time on water and sewer and solid waste sort of got the shortened of the stick. So this will allow us more time to talk about that ordinance. So that will be next wednesday at our 2 o'clock meeting.

Hales: I just want to briefly commend the good work that's been done on these policies and now the numbers that result from them, and just say in addition to the good work that's been done, i'm looking forward to the good work ahead, and monthly billing, and the ability of our citizens to pay their bills electronically each month.

Sten: I've made a personal vow you won't have to mention that next year.

Hales: I'm sure everyone is looking forward to that.

Francesconi: This does come at some pain for the business community, but I still think of this lady who I met who was a senior citizen who had this brown lawn. She said, how come my lawn is brown and my rates keep going up and there's nothing I can do? And so I want to thank commissioner Sten and commissioner Saltzman for leading the way in this. It took some effort on your part to do this, and I appreciate it. A couple things. I think for the lady with the brown lawn, as well as our business folks, scrutinizing the budgets, given the increasing demands on the systems, with the same degree we scrutinizing general fund budgets, needs to happen. And I think I see this now maybe for the first time since i've been here. We have to have that same degree of scrutiny, folks. I do think—we have great bureau managers, but it took two on the council to do that. So having these professional service cuts, external materials cuts, support administration reduction and interagency reductions that have long been in place in some other bureaus, needed to happen. And I appreciate that. The second thing is, we did need to change the way the rates were structured to allow people to conserve, especially single residents. So 28% of the residential bills now will go down, and those often are our poorest citizens. This is becoming an increasing detriment. So that is terrific. We also needed new funds into this system to help. And because of this proposal, it actually does this. We're going to have ratepayers who haven't been paying contributing to that system. So those are three different ways that my friend with the brown lawn is going to be helped. I appreciate the change to allow 30% service charge to remain on that woman, and residents. In my opinion, that would have been unfair to business to shift it, and it would have violated a fundamental cost of service principle that we need to maintain fairness in the system, which is going to have increasing scrutiny. And I appreciate it. I support the reduction in the service franchise fee, but folks, i'm not convinced that's the right way to go. I think it's better to cap the utility franchise fee as i've recommended, and to capture that excess and not have it go to parks or general fund, but not have it go to the large volume users or the business community either. That doesn't make sense to me. It makes more sense to capture that revenue and use it for low-income relief, or maybe targeted relief to businesses that need it for an economic incentive. That makes some sense to me. But across the board cuts do not make sense to me. It makes more sense to capture that. The reason I backed off the phase-in approach is because we for a couple reasons. One, I think trying to get more relief to that low-income senior is a higher priority, number 1. And number 2, because we just reduced the franchise fee for everybody. So why give an additional benefit here? That offset the phase-in, in my approach. I would have preferred a phase-in, but for those reasons, I abandoned the idea. I appreciated the work from dave. But I decided not to go in that direction. So in conclusion, I do want to thank folks. We have many challenges remaining, but of course now has been set. I'd particularly like to in addition to thanking the commissioners, and the bureau people, one other person I want to acknowledge is dan, for the work he played in educating me on this, and more importantly, educating our citizens through this whole process. Thank you.

Katz: Let me just add my appreciation. I get the budget when the commissioners have worked through some of the details with the bureau—details with the bureau directors, and then I can hammer on them a little bit again. One of the things, though, I don't really want to see the work force planning out there hanging out anymore. That's a normal part of your work, so don't show it to me anymore as an add-on. But I think we need to be vigilant in how we begin spending these resources

for a variety of programs that we want to see occur. I'm very nervous about the possibility of increasing rates at this time to pay for some other program, quite frankly. And we need to be asking very critical questions as to why are we doing it, and what is the end result, and is this the time to do it or not. And I want the council to realize that, yes, this is easier money than anything else. You either—you increase the rates and you've got a little bit of money on the table to do whatever you want to do. It's got to be related to targeted populations, or related to programs that really directly impact the conservation efforts, or targeting low-income people. Having said that, we're going to be hearing some proposals and I want you to ask yourself all these questions when we finally do hear them. I'd also want to thank the staff of ofa, especially the staff on these two budgets, and—because they're caught in the middle. They're caught between the council members and the bureau managers, and they're caught between—and then their boss, who demands high-level analysis. And I want to thank them because it's not comfortable some of the times. You did good work. The rates, especially b.e.s., A 71/2% increase is down to 3.3 for single family, that's a major reduction. You've done—all of you have done good work and I'm pleased to vote aye next week. Thank you. It's not 11:30, so let's go on to our regular agenda. 743.

Item No. 743

Katz: For example Francesconi will introduce it. Will you all—are you all from sunnyside too? Rock creek. Nice to have you here. Why aren't they in school, is the question I've been asking all month.

Francesconi: Let me introduce it this way. I'm recommending to the council we go ahead with irne. This has been an exciting thing for me and a great educational experience as well. The nature of government is changing, and we know that. And to deliver electronically on billing we need to—the capability for water bills and other things. We need the capability electronically to be able to connect with our own bureaus et cetera to provide that highway to allow that to happen. The other thing is our economy is changing. And it is very clear that we are businesses—our businesses need this too if they're to compete internationally. One of the best things we can do is develop this irne network which will allow us to—we'll it will allow to us take advantage of private sector to have increased bandwidth that will provide a variety of things. Now, since the last informal—I want to let the council know of a couple steps that have happened. That give me 100% confidence we're proceeding in the right direction. We've had some internal meetings with staff from both commissioner Sten's office and the mayor's office, facilitated by tim grew and bureaus to look at this and look at some basic assumptions. So I think the bureaus are more comfortable if not they should be, that we're proceeding in the right course. The second thing is, as I tended to do in other areas, we brought in some outside folks to analyze this from the private sector. To look at some fundamental assumption that's were presented to us by bgs, in terms of increasing costs that we would bear to make sure that this is actually a cost savings for the bureau as opposed to an additional expense. I've had outside people analyze that question. I've also had some outside folks analyze whether this is the appropriate role for the public sector as opposed to the private sector. So we brought to people from lincoln public utilities district, bonneville power, pacific power, easy street internet services, new edge networks, pittock block, Oregon providence health systems, who've had experience in this regard. After that meeting, I became convinced, because they were convinced, this was the right thing to do. This is in the city's interest, this is in our bureaus' interest, and in our business interests to proceed. So with that background, let me turn it over to kim and nancy.

Tim Grewe, Chief Administrative Officer, OMF: for the record, I'm tim grew, chief administrative officer of the city. With me is nancy, who is the director of communications. For example Francesconi did a very good job of giving you an introduction to the resolution. I won't repeat his points, but let me add a couple of points. I want to remind you that back in late march you did have a work session on this. We're not here to repeat the information we gave you, but to remind you as an outcome of that session, you did request that communications come forward with a resolution that would direct them to proceed with your—with irne, and that is the resolution before

you today. Would it have come sooner, but as commissioner Francesconi just indicated, a group of outside folks were called upon by the commissioner to come in and test the assumptions once again, because they have them tested many times over in the past, and they did confirm that the— both the technical and business assumptions underlying the plan were realistic from their viewpoint and their {seems} experience with the own business interests. I'd like to remind you that the proposed budget, which you'll be considering in session today, has a budget committee does in fact incorporate the implementation of irne. So if you agree to go forward today, the budget is aligned with that type of a decision. I think i'm just going to stop there and respond to any questions. Nancy and I are here and available to respond to any questions you might have.

Katz: Nancy, do you want to add anything?

Nancy Jesuale, Bureau of General Services (BGS): no, just that i'm delighted to be at this point in the process, and delighted to answer any questions anybody has.

Katz: Questions?

Saltzman: When does the— when we pass this resolution today, all bureaus basically will come— all bureaus must clear with you, with your office, voice, data and video services, any interim purchases between now and when we have irne up and running? Is that correct?

Grewe: the key assumption within our business plan is that the bureaus will use irne. That's contained within this resolution. So we would not expect to see bureaus using other forms of transmission for voice, data, et cetera, unless of course there's a technical reason for doing that, and that will have gone through the communications division.

Saltzman: So that will all go through you?

Grewe: yes.

Jesuale: just to clarify, they pretty much do that now. That is our practice. Our current practice as well.

Saltzman: So if I were to see any major—we're going to be selling the bonds soon, I assume irne is probably still a couple years away.

Jesuale: about a year until we would actually be spending big money on making acquisition of equipment, yeah.

Saltzman: So in this next year, if we see any big telecommunications, big video things, anything coming through here, we should presume this has all been signed off by whoever the powers that be to make thursday this is compatible ultimately with irne and we're not doing something that's spending money in a redundant manner.

Grewe: that's correct. What nancy is saying is, that was our expectation prior to irne, but it certainly becomes a larger expectation and requirement as we move forward.

Saltzman: Okay.

Katz: Thank you. Further questions? Anybody else want to testify? If not, roll call.

Francesconi: It's helped me to think of fiber-optic as indoor plumbing in our buildings. It's as important as that. And it's helped me to think about increased bandwidth and enough bandwidth as the roads connecting these build cans, and as important as that. And we need to have both. And this is a way of letting us address it. I've been thinking a lot about the public-private role here in developing in door plumbing and roads and highways. And really, I believe this investment in this infrastructure will allow greater competition among the private sector for value-added services. If you look at our light rail line investment public, it's allowed the private investment to come behind it. When we're talking about the kind of data transmission, the maintenance as well as adding connection to business and residents, there's plenty of roles for the private sector. But for this to happen right, the public sector has to step up or else there will be neighborhoods and parts of the city that could be left out. And not to mention our own city infrastructure government services. So this allows it to do it. A third point I want to make is, to do this right it needs to be done with partners, and—on a regional if not statewide basis. And we are pursuing this with— we need this resolution now to allow us to go forward to develop those partnerships. Without this resolution, we can't move

forward. And that's why the bureau has been somewhat frustrated. But we've got odot, tri-met, there's a potential with ohsu, and so we've got the players right lined up. The last thing I want to say is, above all else, it takes talent. And in this arena, where the private sector can pay so much more than the public sector, it's hard to get talent. And we have to retain talent. And I guess I want to start with you, tim, because you've stepped in here, because i've been concerned about this issue, and you've come in here. I just want to tell you, folks, that—and this goes to dave's credit, the team he's assembled, this is a team that has a whole lot of credibility with our private sector as well as our regional partners. And we have to invest in this talented and we have to support this talent, and we have to go with this talent. And it starts with nancy. So thank you very much. Aye.

Hales: If it is plumbing, I hope in this case it's cost-effective plumbing and not gold-plated fixtures. I think that this is going to be cost-effective, but it will have to be managed well to make sure that it is. I think you're right, jim, this is the kind of infrastructure for the future we ought to be building, but cost matters, and cost effectiveness matters, so that's a challenge to make sure that objective is reached as well. Aye.

Saltzman: This is a very exciting project in the long run, even though it may not sound like it. It's an exciting opportunity for us and for other local governments. I also wanted to acknowledge the tremendous leadership dave kisch showed in sort of seizing this idea and bringing it to the point food where we're going to make it happen. Aye.

Sten: Nancy and tim and commissioner Francesconi, thanks. This is absolutely critical. This is—fiber networks and telecommunications, you know, are at least as important as roads, and not to put down roads, this beneficiary—but this is how people will move in the future. This project will work, i'm quite positive. Also I think you have to have a fine line between private ownership and public ownership, but in this case if you take the road analogy, it makes sense for us to own some basic infrastructure on fiber optics and let the private sector sell us products over those roads. The result, unfortunately, of other approaches can look like our fight with at&t, where you have a control over a—and so not only is it cost effective, I think it gives the citizens the ability to be sure they can't have their interest blocked for commercial purposes when it comes to some of these facilities. I think it's a fundamental building block that we need to go after. And I would probably be interested in this if it cost a tad more than the private sector. The truth is it's going to cost less. Our worst case scenario shows a break-even, and I think it will do better than—that. Aye.

Katz: Commissioner Francesconi doesn't know it yet, but he's going to be the father of irne. He worked on it early on, he questioned it, he now sees the light, and he's fascinated by it, and it's yours. [laughter]

Francesconi: Nancy was happy until that moment:

Katz: I want to thank david Olson from cable also. Without his participation he sort of—our other guru on what we need to do to travel through cyberspace in the— starting now is going to say—I was going to say in the next year, in the millenium, but we are in the millenium. Thank you both. We're going to be very excited to see how you progress, and i'm pleased to vote aye. 744.

Item No. 744

Katz: We need a substitute. Can I have a motion? All right. It's minor. this is a major supplemental.

Katz: No, the substitute.

Hales: it's big dollar amounts. \$33 million change. I move the substitute. oh.

Katz: All right. I do have a second to substitute?

Saltzman: Yes.

Katz: Thank you. Tell us.

Mark Murray, Financial Planning, OMF: i'm mark murray, with the financial planning division. We do have the substitute. This is the major supplement for the spring. It's technical in nature and it's a resolution, so upon approval of this it will pass to the tax supervising conservation commission

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for their review. They will hold a hearing on the major supplemental on June 20th, just prior to the hearing on the approved budget, and then council will actually vote on an ordinance on the major supplemental on June 21st. So at this time I'll roll it over to Jordan to talk about the technical and dramatic changes incorporated.

Jordan Epstein, Financial Planning: good morning. I'm Jordan Epstein from the financial planning division. This spring major supplemental totals \$17 million plus, and affects 11 funds. Seven of the funds are death funds and the actions in the supplemental are recognizing additional revenue which will be used to support debt repayment. They're essentially technical adjustments. The health insurance and insurance and claims funds, actuarial studies have indicated they need more money in budgeted and claims costs and reserve accounts. So funds are being moved from contingency to those accounts in those two funds. The last two funds affected, the housing investment fund is recognizing \$5.6 million in beginning balance, 3.2 million of that is being appropriated to cover payments to PDC, 2.1 million will be put in contingency for future year obligations. Also in that fund the supplemental is recognizing 2 million in loan proceeds from the enterprise foundation, which will be used by PDC to purchase land parcels under the smart growth program.

Katz: We're going to hear about that.

Epstein: 3.8 million in credit line proceeds from the section 8 preservation credit line will be used to purchase buildings whose section VIII is expiring. In the operating fund the recognizing about 865,000 from additional parking and user suite rentals with the revenue plus 4.2 million from contingency and a 1 million shift of capital outlay appropriation. They will increase the budget for the civic stadium redevelopment project by about 6 million. The capital—the million dollar shift of capital is being made available because improvements that were budgeted for Memorial Coliseum are being postponed pending a five-year review.

Katz: do you want to tell them what the 66 million—

Epstein: the 66 million was initially in the facilities operated can funds. They were budgeting note proceeds. They thought they were going to sell some bonds and use it to pay off debt. They're not going to do it this fiscal year, it will happen next year. That's why it was taken out. Any questions?

Katz: Questions? Anybody want to testify?

Saltzman: I want to make sure I understand. The reason we're doing the supplemental is because we've made changes to our approved budget greater or less than 10%?

Murray: greater than 10%, that's correct, commissioner.

Saltzman: So this is for the '99-00 --

Murray: that's correct, current year fiscal.

Saltzman: Will you have a hearing on this?

Murray: yes, it usually lasts ten minutes.

Katz: And we never quite know why.

Saltzman: I think the legislature did it.

Katz: Yeah, I know, they did it to us. Roll call.

Katz: Mayor votes aye.

==one quick note on the work session we have at noon. Just so you know, we will be bringing in lunch for you. I didn't get a chance to share that with you.

Katz: We're going to do it here? Will it be broadcasted? Do we know?

==that I don't know. Shall I try and arrange that?

Katz: Yes, please. I think someone in my office will try to work on that. 745.

Item No. 746

Katz: It's been about a year ago, right? Maybe more?

Sten: just about.

Katz: We heard that we were recipients of a large fund, and now today we're going to hear a little bit about it. Let me turn it over to commissioner Sten.

Sten: I'm very glad to bring this forward. It's a big piece of the strategies we've been trying to put together. I think about a year and a half ago when the mayor assigned housing to me we did some joint work and tried to look at what are the things we ought to be doing that we simply can't do because of cash flow. And one of the things that's always been successful in housing development in any development is trying to acquire key parcels of land ahead of time before you need them, whether it's on a light rail line or transit corridor, just to keep place. And the problem we've run up against is money is tight enough that in our housing funds we really cannot make a priority of taking money out of each year's budget and buying land that we're not going to use right away, because that money almost inevitably needs to go to this year's projects. So we have a long, long-standing relationship in the city of Portland with the enterprise foundation who's really the country's premier foundation on housing and community development issues and was founded quite a few years ago by Jim Rouse, whose company about pioneer place, under the theory that there were a lot more business-like in kind of—it sounds technical, but the way to make sure affordable housing was addressed was to up the sophistication. This is kind of a deal that's almost analogous for how they've approached the issue over the last 15 years that they've been in place. So I approached then enterprise president Ray Ramsey, who is a friend from Oregon, a state director of housing, and I would mention as an aside, he left the enterprise foundation about two weeks ago. So we don't think that will change our relationship, but—
it will not.

Sten: So we won't have his presence. But I approached Ray with the idea that perhaps there was a way for enterprise to step in and help on this. What we structured is a smart growth fund. Enterprise will take the unprecedented step of loaning the city of Portland through PDC money to acquire land, and what's significant about this is we won't have to make payments on the loan fund until we actually develop the land. And so it will accrue interest, and enterprise will be able to treat it as a socially responsible investment, but we won't have to pull cash out of our bank account, which we don't have, and the idea is by buying ahead and planning we will—it won't be a direct subsidy, but it will bring down the cost of development and I think most importantly to better development and control what happens on some key neighborhood parcels and ultimately it's money we would spend but that we would not be able to do with this foresight. I want to thank the foundation and of course PDC for putting this together and the mayor's office made this a high priority and this will be one of the five or six pieces that we're trying to put forward to say how do we really jump start and aggressively move the housing agenda when we don't have the amount of cash it takes to do that. And this is a critical piece. I'd like—like to introduce—

Ross Cornelius, Portland Development Commission (PDC): Commissioner Sten, Mayor California, I'm Ross Cornelius from PDC. We're here to talk to you about this regional growth fund called the smart growth fund. The purpose of the fund is to provide local jurisdictions, including the city of Portland, and the affordable housing development community with capital required to hold available land within the Portland, Oregon, region. The fund will support local jurisdictions' efforts to increase the availability of quality real estate which can be developed into affordable housing, provide a financial tool to help meet regional affordable housing development goals, and acquire real estate that will be part of the focus to redevelopment effort along town centers or light rail corridors to further the Portland metro area's managed growth agenda. The fund is a regional fund. The city of Portland, Portland Development Commission are working to be the first local jurisdiction out of the box with the fund. We're hoping other jurisdictions will follow, affordable housing assisting a regional issue and needs to be addressed that way. This commitment is a significant tool to help the city of Portland address affordable housing needs. We will be working with about \$6 million to start off with from the enterprise foundation, as Commissioner Sten noted, we won't have to make a payment on it for two years, and then at that point we'll only have to make a simple interest 6% payment. So essentially for one interest payment we can carry property for up to four years before we have to take the loan out with the project. The memorandum of understanding between enterprise, the city of

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Portland and pdc includes provisions for affordability, 51% of the units on a piece of land we acquire need to be, quote, affordable. That's under 80% of median income for rental or under 100% income for ownership. The nice thing about those guidelines is it allows us not only to address affordable housing issues, but also to mixed use and mixed income opportunities as well. So it's not just an affordable housing tool, it's a smart growth tool that will allow us to do residential and commercial development on a site when we have funds available. The other notable part of the fund agreement is that it does require material participation by an—a nonprofit, it doesn't have to be only a nonprofit, it can be a joint venture, but one of the missions is to make sure to encourage for-profit development and this agreement helps that occur. The use will be primarily citywide, and in the urban renewal areas where we haven't quite got the funds in place yet that—but we have opportunities to take down some property in anticipation of successful urban renewal efforts. There's also opportunities we're finding in the neighborhoods outside the central city that we believe would be good to acquire the land before it goes into some other development and work to get it developed over time. In some cases we may be able to use it in urban renewal areas where funding—other funding for acquisition is not available. The fund will be underwritten by pdc staff and enterprise staff, and we'll go through an advisory board for review, and then to the Portland development commission for approval before it comes on to the mayor for signature. It is guaranteed by the city of Portland general fund and Portland development commission in our role, putting our funds before the general fund to make sure that the housing—the development we do is—has a guarantee to get completed. With that, I think I'll put it over to Mike Andrews.

Katz: Go ahead.

Thank you, Mayor Katz, members of the council.

Katz: Bye bye, have a nice day. Where are you from? What school? Rock Creek. Thank you. A parade of youngsters today.

Katz: It has been today.

Mike Andrews, Enterprise Foundation: Mayor Katz, members of council, my name is Mike Andrews, the director for the Enterprise Foundation for Portland. Let me start by thanking the mayor and Commissioner Sten for their leadership on this issue. Both on affordable housing and overall livability objectives for the region. The fund is a regional tool which is one thing I just want to highlight. It's a \$20 million commitment to the Portland metropolitan region, including Clark County on the other side of the river. It is our hope to provide a significant amount of capital to jurisdictions so they can as Commissioner Sten said, seize opportunities that might otherwise slip by, so those properties can be developed in a manner that fits some of the local objectives that have been developed by neighborhood associations, filtering all the way back and fitting into the 20/40 framework. This is a new tool for us. This is a different way for the Enterprise Foundation of doing business. We are not previously committed a substantial amount of resources like this two-way local jurisdictions and we're very pleased to be able to do that here in the city of Portland. We thought Portland was ripe for starting something like this from our perspective, given what has gone on with Metro, the cooperation between the jurisdictions, and plans to—in submitting plans to HUD, Representative Hooley's recent amendment regarding regional affordable housing initiative that was passed by the house. We thought the context here was perfect for us to try to provide a financial tool to help move some of the agenda along, so we're pleased to be able to be part of this.

Katz: Let me ask a question. Where is the rest of the region on this issue? Are they ready to do what we've just done?

Andrews: I've had significant conversations with Beaverton, Hillsboro, and Vancouver, and they are all showing me sites. We've walked through the structure of the fund. Washington County and Clark County are a little bit further behind, but also very interested. And I am attempting to marshal some interest in Clackamas as well.

Katz: Let me ask the question, how much time are you going to give them to use the money before it reverts all to us? [laughter]

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Andrews: that's a good question.

Katz: I ask because impact is meeting tonight, and the htac recommendations are coming. So i'd like to poke them a little bit.

Andrews: we have set aside the 20 million as an organization, and we don't want to have it sit. This was a rather complicated structure to put together, and a lot of ground work was laid thanks to the hard work of pdc staff.

Katz: Can I tell them if they don't get their act together it's all coming to Portland?

Andrews: I would appreciate you pushing them to get their act together. I would—

Saltzman: Do you have something we can hand out at the meeting?

Katz: When they hear that it may all come to Portland, they'll get their act together.

Sten: Let me make—part of what we've been trying to do is set up these financial structures that can really work, and I think one of the pieces is I think this is a—envisioned as having some ability to resolve. \$20 million worth of land won't buy a region, but it's a substantial number of sites. And so if we can get it resolved, you've got to make it work once to make it work twice. Without getting into the details, this is structured as an investment, and so I believe with enterprise if the \$20 million is functioning properly, it's not impossible to think we can grow the fund. So if—if they don't use it—I i'm so excited to use it, some might recall despite being the leading person yelling on the htac let's do all these things, I forgot to mention it was a regional fund. So they get the message.

Katz: I will deliver the message to them.

thank you, mayor.

Katz: Questions? Anybody else want to testify on this item? All right. Roll call.

Francesconi: I just—this is terrific. Really terrific. And so the strategy of trying to get some money ahead of time to secure sites is just terrific. Number 2, the regional approach is terrific, and if you can use it as an incentive the way the mayor and commissioner Sten has suggested, they're going to be slow, let me tell you, from my own experience. And I also appreciate the flexibility in the fund to include homeownership and some other opportunities. So I appreciate all those things. I guess the last thing I want to say, I want to congratulate commissioner Sten for this. I think he's following in the footsteps of the mayor in terms of police and commissioner Hales in terms of transportation, which is going out and getting some other resources to supplement what we do. And I need to do as good a job in the area of our parks open spaces, natural areas, and after school list is being done by this strategy. So that needs to happen. So we appreciate your help. Aye. Could you couldn't—you couldn't have picked better partners. Thanks. Aye.

Hales: Somebody told me once, from toronto, that the difference between the way american cities settled and the way the canadians cities settled, in canada the mounties got in first. By that he meant there was a tradition in canada of having a much more activist public sector to define and shape and organize growth, whereas in the united states somebody opened a land office and started selling land. And I think that anecdote illustrates why this tool, although we didn't really know we didn't know we missed it until this notion was put together about how to do this, it's a tool that cities should have to be able to get into an area of development or redevelopment and acquire the key parcels and then sell them on conditions that—that achieve a larger public objective than you ever could just by opening a land office. And so I think this tool is going to prove very valuable over time, not just right off the bat. I hope you're right eric, I think you are, there is pent-up demands to use this right away and some particular areas in our community, i'm really sorry to see that, but over time it will prove valuable as another tool. We've relied on zoning and unextra—infrastructure as the way we shape growth outside of urban renewal districts, and this allows us to have another tool, the—at the community's disposal to shape the character for the long run of those neighborhoods. I think it's going to be very helpful and a very good partnership, and I really appreciate the enterprise foundation stepping up and being a good partner with us. Thank you. Aye.

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Saltzman: Seals like a very creative partnership to deal with the most critical problem of how do we make sure affordable housing assisting not only here today, but also it's very much integral of our future thinking as well. Aye.

Sten: Thanks again. Affordable housing is ultimately about people, and people who are just like everyone—every one of us who need a place to live. But developing it is a sophisticated situation that has to do with real estate and all sorts of tricky things that I think take more than the heart. I think this is another example where enterprise foundation has taken the resources and the no-how that came from the heart and turned it into a sophisticated approach to pull this stuff off. And so I really appreciate enterprise's continuing interest. When we want to be your test case for everything, and thanks again. Aye.

Katz: I was fortunate to go back to dc when the company was celebrating an anniversary of some sorts. I really didn't know very much. This was not in my bailiwick. This wasn't on my radar screen. And realize that with the fortunes they made, they made a commitment to communities, and they made a commitment to poor communities. And this is a commitment that they've made to Portland. And we will use it carefully, we will be very prudent in how we use it, and we'll develop it wisely. My only ps to the enterprise foundation, I hope you're also interested in good design.

Andrews: we are.

Katz: Since now it's your money as well as it will be our money. So thank you very much. I wish ray much luck in his new venture and let us know when he goes public on the stock. We'll watch it. And I will pass the message along tonight with commissioner Saltzman to our clackamas and Washington county jurisdictions as well as vancouver. Use it or lose it. Aye. Okay.

Item No. 746.

Olson: It was continued. It was an emergency.

Francesconi: Aye.

Hales: Aye.

Saltzman: Aye.

Sten: Aye.

Katz: Mayor votes aye. We have request for communications, but we still have one item. Sue, are you going to be the only one testifying on this item?

I had a representative. [no audio]

Katz: They're not here yet? Okay. Let's take 747.

Katz: I don't see kathleen or david here on 748. So we'll—come on up and let's start—talk slowly. mayor and council, i'm sue, director of purchasing for the city of Portland. The council item you have in front of you, 704 --

Katz: Did you read her council item?

Olson: No.

Katz: Okay.

Item No. 704

Sue Klobertanz, Director, Bureau of Purchases: as you can tell from the title that was just read, this is a rather complicated item. We met in an informal a couple weeks ago, and I don't intend to go over all of what we reviewed there. But I do just want to for the record indicate that much like some of the other large projects you have heard about this morning, this has been a project to—i just had someone from the city attorney's office say they had gone back through their notes, and we actually started this rewrite in july of '96. The city's vision is to have a procurement system that is fair and efficient effective and accountable to all citizens, and with prodding from the mayor's office and the council members, way back in '96, we start add process to look at—to how we could do and make changes in the procurement system to do just that. Make it fair, efficient, accountable and effective. When we started that, what we found was that the initial review of the code found it to be very scattered and hard to find and use. The code hasn't been updated for 20 years, and it does not currently reflect either state laws or current procurement processes. This code update was really

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needed to allow for a streamlined process and improvements in how we do business. What you have before you today in both the ordinance and the attached code are changes to streamline and eliminate confusion, changes that reflect the current practices of how we do business, and also changes to reflect current state and local laws and policies. We talked when we met in informal about three or four major changes under the streamlining area, the first of those being a change in the purchasing agent's authority, or who has approval authority for contracts. One of the questions that arose from the informal was the dollar amount, and after polling the council offices, the proposal you have in front of you today was left at 500,000. What that would mean is for contracts estimated at 500,000 and under, the purchasing agent would obtain bids and award contracts, and also provide monthly reporting on actions taken, both on bids on the street and awards given. One of the questions I continue to get is, what are the safeguards? What are the checks and balances? Not questions my personal integrity, but to have that much authority in any one place gives people pause. I totally agree with that. As I explained informally, this is a first step in a progression of steps. Once we get direction from council this week and next week, then we will begin 120-day process to review our actual purchasing manual, which is really the steps, how do we get this done, and included in that purchasing manual will be the direction for how we both participate, but also how we notify people of what's going on. So there are checks and balances in place. It is my intent to bring sort of small changes of the code back to you at the time we finish the purchasing manual, along with a report of what's in the purchasing manual and the standard forms and the standard construction specs so you can see the full picture and assure the checks and balances are in place. I can't put the meat on all the bones yet, because we haven't drafted them. So to speak to the questions of how do we know the purchasing agent will notify people properly, how do we know there will not be any abuse, those will be questions that will give a great deal of time and thought to in the next 120 days as we draft those procedures.

Francesconi: I was kind of getting set to go with the majority on this, but that didn't give me a lot of comfort to do that. Wouldn't it make more sense to keep it at a lower level and once you have the checks and balances in place then reconsider it?

Klobertanz: this code and ordinance is written so nothing goes into effect until all of that is in place. And so really our recommendation to go with the higher number with consensus from the other council members really has to do about where do we want to be in the fall. And we want to be, again, how do we make the process efficient and effective. And we looked at the difference between 250 and a half a million, for example, and we estimate based on the last three years that that difference between 250,000 and 500,000 will reduce your paperwork that you see across the council calendar by about 15%. That increment. But it will only allow the purchasing agent authority for another three to 4% of the dollars. So it's a small dollar amount with a relatively significant amount of paper attached to it. And that is one of the reasons that we're asking for directions to move forward. If the council so chooses, we can move forward and draft everything with a \$250,000 limit, but we're really pushing to make this more effective and efficient.

Katz: Commissioner Francesconi lost that argument. The majority of the council wants it at half a million.

Klobertanz: the other major changes include allowing exceptions for items, costs of contracts that do not need competitive bidding, or exempt from—such as emergency purchases or very small purchases under the formal amount. The third major change, which I have heard repeatedly needs to happen, has to do with the appeal process. We don't currently have a written appeal process in. At the informal there was a question of days available to people who wanted to protest bid procedures. We have changed that to seven calendar days to ensure that that is sufficient time.

Katz: You made a change on the—

Klobertanz: we did make a change on the newspaper so as not to call out any one specific newspaper. And I am in the process of working particularly with the minority newspapers to draft an advertising strategy to ensure that we use our advertising dollars wisely. To sum up, following today,

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as I mentioned, what will happen is we'll go back and continue our efforts to rewrite the purchasing manual, all of the forms—forms, and the standard construction specs to be consistent with the direction from council. We believe the benefits of this passing this ordinance and the attached code changes is the—it puts all our procurement code in a consolidated easier to use format. It reflects the current state laws and procurement practices, but it sets the stage and gives us the window of opportunities to provide a better purchasing process that is fair, efficient, and equitable.

Katz: Thank you.

Klobertanz: i'm available for any questions.

Katz: Questioning of sue?

Klobertanz: I do not see cindy from the associated general contractors. She had intended to be here today.

Katz: It's 11:30.

Klobertanz: we have worked with agc as—as well as our—the mayor's fair contracting forum and the bureau representatives to gain the maximum input on this and we believe we've reached a good compromise.

Saltzman: You mentioned you'd received suggestions from the interview office. I'm curious where those suggestions—were they incorporated, not—

Klobertanz: they have not been incorporated to date. We're going to continue to work with them. It's amazing how simple questions suddenly have very complicated answers. They have agreed during this phase that we'll continue to work with them and incorporate as many as possible. We also received comments from the bureau of general services, and we've incorporated those and reached consensus on those.

Saltzman: So we may be revisiting this code.

I do not want to give you the impression you will not see this code again. Every time we look at it closely, we find something that does need to be improved on. So I fully expect we'll bring this code back to you along with the purchasing manual for some final minor changes in the fall.

Katz: Okay. Nobody wants to testify? It passes on to second. And we'll be back here at noon to work on the budget. I will quickly run through the items that people testified on during the three public testimonies since not everybody was in attendance. Very minor requests have—but i'll run through them so you will know. So we stand adjourned until 12. It is 11:30 now. Thank you.

At 11:31 a.m., Council recessed.

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There was no meeting.

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THE FOLLOWING TEXT WAS PRODUCED THROUGH THE CLOSED CAPTIONING PROCESS FOR THE TELEVISED CITY COUNCIL BROADCAST.

Key: == indicates unidentified speaker.

Katz: I have declared a state of blazer mania. [applause] good afternoon. The council will come to order. Britta, please call the roll. [roll call]

Katz: 749.

Katz: I need a motion for the substitute (actually, amendment).

Francesconi: So moved.

Katz: A second? Any objections? So ordered. Come on up. This is a replay, but come on up. The principal characters need to come up.

== people in red. We're blazer fans too.

Katz: I'm going to—I'm going to turn it over to you, harriet. We did a ceremony this morning, and this is an official ceremony. So go ahead. It's your show.

Sherburne: thank you, mayor and council. This is a happy day.

Katz: Identify yourself for the record.

Harriet Sherburne, Director, Portland Center for the Performing Arts (PCPA): harriet, director of the Portland center for the performing arts. I was before you a few weeks ago with a naming opportunity and at that time we knew that quietly we were working on yet another that we hoped to bring soon. So today is indeed a very happy day. The action before you is to put a new name on the building that has been civic auditorium for— auditorium for many a long year. The auditorium will come to be known as keller auditorium. And you should be aware, it is across the street from keller fountain. And when cheryl manning and friends of the performing arts center came together with the possibility of this naming, I think our hearts were beating very happily over this wonderful, long-time civic commitment to Portland and the region. So keeping the secret for as long as we have and working on it quietly has made me delirious sometimes. It's a wonder I haven't just walked into traffic as I was trying to think about all the things to be taken care of. But to not let anybody know about it. So just in an orderly fashion, I want to let you know that the last week, the commission did take action consistent with the policies for naming buildings of the Portland center for the performing arts, and recommended that the city take the action that you will be taking today, that is under the very— various layers of codes and statutes the community, you are the owners of the property, therefore you are the ones that need to take this final action to name a full building. I haven't participated in the legal work, but I know highly competent people have put together the documents that are in front of you. What we're pleased with too is the donors have asked that the money go into a fund for the capital campaign, which we hope will reach several million dollars for the refurbishment of not only this auditorium, but other upkeep of the other buildings of the performing arts complex. And that the money go into necessary repair and maintenance projects in the building. And since that structure was done in 1917, and then remade and—in its configuration that you see today in 1967, and has not had a lot of reinvestment, it desperately needs it. It is a particularly welcome infusion of commitment and capital. So I ask that you do approve this action, and we have members of the family here, ruthie keller and—who should be invited to make comments to you on behalf of the family, because this is a family gift.

Katz: Yes. Bring the mike closer to you. This is a first for you, right?

Keller family member (Cheryl?): this is a first for me. We're very, very pleased. Dick should really be here, because he's the spokesman for the family, but he's attending the annual meeting of the—of northwest natural. I didn't let the cat out of the bag either. I hope we don't hear any nays.

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Libby Keller: i'm actually ruthie's daughter, and dick's daughter. We want to thank you, first of all for being willing to vote for this, or at least give your partial vote to your—from your chief negotiator, steve janik, who has been helpful to us and to you, without knowing our names. That's a big leap of faith in this day and age, and we hope to help in every way we can to make this whole campaign work. And that's very important to all of us. We have a real love of Portland and its—it's made us what we are. So we're 100% behind this. We'll be helping you in lots of other ways, we hope, with our moral support, and we thank you. It's quite something to have a name on a building and somehow connected to yourself.

Katz: And what a building.

Sherburne: without—I'd like to ask your approval of the action before you.

Katz: Thank you. Does anybody wants to say anything? Do you want to say a few words? No? Anybody want to testify? Okay. Roll call.

Francesconi: Just thank you so much. It's beautiful when you said you loved Portland and that's why you did this. Your family maybe as much if not more than any other single family has helped make Portland such a special place, even before you made this generous gift. To keep it this special place and to include more people in the specialness, there's a very important role for government, but we can't do it by ourselves. So gifts like this are a tribute to your family, and deservedly so. But it also helps us and our citizens and a couple of very important—in a couple of very important ways. It will help us maintain our facilities, especially our performing arts facilities. And that's very important that we do that. Sometimes we get caught up in building the buildings, but then we don't have a way to maintain them. So using your name but more significantly an incredibly generous amount of money. Perhaps you could have had this building, as you know, named after you for less money. But instead, you chose to do this. And I just want to tell you, I don't know if that's true or not true, but we appreciate the amount of money that you contributed to this to maintaining our important facilities. But—so the other people that win in this are really the taxpayers, because then we don't have to use their money for the that, and we can do it for some other reasons. So naming a building which we want to make sure is done in a credible way, was done in this case, because your family has done so much for Portland. But I guess mainly I wanted to thank you on behalf of those citizens out there, and future generations that will now be able to enjoy our well-maintained facilities because of your generosity. So thank you very much. Aye.

Francesconi: I would also like to thank three other people. One is steve janik, but the other is cheryl manning and gary ma identify, who is not here. I don't know what—maffei. These were people behind the scenes that understood better than I articulated what I just said. It takes a combination of public-private, but you have to do it in the appropriate way. This was handled with a lot of class and in the right manner. So I want to thank you, cheryl.

Hales: Thank you and bravo to you who brought this thing together. I think it is a great gift to the city. I appreciate it as well. I think it also gives some identity to the place that it needed. A generic name, civic auditorium, never did much for any of us, and never give—gave it a sense of place. I think now with the combination of the ira keller fountain and keller auditorium, that has a ring to it. And I like that very much, just as a Portlander. And then we do so much in public here in Portland, we have such both by law and custom such a tradition of openness, I just want to say bravo for carrying off this drama right to the last page and not giving away the story. Ben franklin said once that three people can keep a secret if two of them are dead. And i'm glad to see you're all alive and well, and at the—that the secret was so well kept. Well done. Aye.

Saltzman: Thank you for your generosity to this great city. Aye.

Sten: Cheryl, thank you for putting this together. Aye. I had no idea, so it definitely worked. Thank you. It's terrific.

Katz: Let me add a little history to this. I know most of you remember ira keller was chair of the Portland development commission, and I said this morning, would I have loved to have been mayor at that time and have mr. Keller chair and the pdc in my portfolio. But I came to this city in 1964,

so I slowly—I watched how slowly the city was beginning to develop an identity and the role that Ira and others played in laying the foundation for the heart of the downtown. And the south auditorium area was really his, and that was the first step in making Portland the city it is today. This gift is a very generous gift. It leaves a legacy for your whole family. And I hope that it will inspire others to leave a legacy for their families, for this city, and to restore some of the wonderful buildings that we have. Yes, this is a lesson for all of us. We build, we've all been building things, and we always forget to put a little bit of money in the bank for restoring it and maintaining it. We're learning that the hard way. Again, also, thank you. And thank you for keeping the secret. It was a wonderful secret. I enjoyed the fact that it was a secret. And we accept the gift, and we will manage it carefully, and you will see the civic auditorium just change before your eyes. Thank you. Aye. All right. Everybody, it's not 2:30, but I don't see—is anybody here to testify on—actually, they can't, can they? We have to—yes, no? We're going back into a budget committee, right?

Olson: Read the last item and mention it is rescheduled.

Katz: Yes. Let's do 750 -- let's do 751

Item No. 751.

Olson: Accept the report and recommendations of the goose hollow/civic stadium planning committees, postponed to June 7th, time certain 10:30.

Katz: That has been rescheduled. We didn't have time to review the report a week ago. All right.

Item No. 750. Note: Council is now meeting as the Budget Committee.

Katz: I think all of you received a copy of budget notes. Look them over this weekend. I have not reviewed them yet. I know some of them—you have questions about them, and we'll bring them back later on. Mark, why don't you share with us what you've got here.

Mark Murray, Financial Planning, OMF: Mark Murray, financial planning division of office of management and finance. Yesterday there was a work session on the approved budget, which I suggested to you the technical changes that our office recommends incorporating into your approved budget, which includes just some changes primarily to the overhead, the rerunning of the overhead as a result of the technical balancing of the mayor's proposed budget. Under item 4, you see those summarized. Down below you see where I mentioned yesterday that one of the funds needed to increase their resources, the increase is greater than 10%, so that needed to be incorporated into the approved budget rather than the adopted because of legal limitations. And then a third item, all other funds is in essence the other side of the overhead adjustments, transfers of the general fund rather than list them in total, I summarized it as a statement for you all.

Katz: Okay. Questions of Mark? We're here as a budget committee, but I know we haven't we have some interested citizen that's may want to add a couple of words.

Sten: One question. We're—when we vote today we're not voting on those budget notes?

Murray: that's correct. The notes we'll continue to circulate until everyone is satisfied with the language inclusion or exclusion. And those will be incorporated into the adopted budget.

Saltzman: When will that be?

Murray: the vote is June 21st. We'll try to close down the discussions on those the week prior to that. A note of clarification. A couple of the tells that—items that came up yesterday, I believe you got an e-mail on the red electric line study, which was the southwest—

Katz: And that was—that's included in the budget.

Murray: that's correct. It is.

Katz: All right. Let's open it up for public testimony. Tasha, you get the first and last word.

Tasha Harmon: I'm with the community development network. I actually didn't come prepared to testify today, since we weren't going to have public testimony. I thought. But I'm delighted to have an opportunity to say that the strong commitment you're making to affordable housing in this budget is very important, and very much appreciated. You'll also hear from me that it's not enough, when you already know, and that we will be continuing to work with you to try to increase resources for

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this crucial issue. But mostly today I want to say thank you for prioritizing this important issue, and then also to say I look forward to working with you on related issues of the year, how we use tax increment funds and the real estate transfer tax and other things that will aid our collective attempts to solve an affordable housing crisis that is a major issue for low and moderate-income people in the city. But thank you.

Katz: Thank you. Anybody else? If not, mark? Did you want to testify, mark?

Murray: no. Just make sure we're clear on the technicalities as to the budget committee—I asked you as a group to move and approve the approved budget, and I'd also like to reiterate the intent for council on how we will reallocate the \$500,000 from the adjustment to the franchise.

Katz: I think the council—

Murray: incorporated into the adopted budget.

Katz: I think the council had seen that yesterday. All right. Thank you. We're going to now vote on the budget. As a budget committee.

Francesconi: Two themes for me in this budget. One is, this budget is good for neighborhoods. Which we all understand is the underpinning of the city. Second, it advances some important city responsibilities in terms of infrastructure and management. Now, regarding the neighborhoods, there's four important—at least four important ingredients. I'm going to let commissioner Sten address the importance of housing, affordable housing and homeownership in our neighborhoods and how essential that is to good neighborhoods. This budget does do that. The other, though, is I believe that the school, the park and I'm coming to understand how the main street are anchors of our neighborhoods, and they're the gathering places that keep our neighborhoods strong. The s.u.n. Schools, the ongoing \$300,000 is a big deal, because we're going to be able to have about 12 community schools that are open until 10 o'clock at night, which help anchor our neighborhoods. Not only for the kids to help meet academic performance, but also the parents of those kids and the neighbors. And that's very significant. So this continues our partnership with the schools. The second is the park. We need maintained parks, and we need things on our parks. And we need activities in our parks. And this budget, because it—parks didn't have to undergo that 2.5% cut, this allows that to happen. The third part is the main street, which was advanced in several ways. It was advanced—finally we're going to have—I hope we can develop with pdc and housing community developments help through licensing a small business strategy that helps get more story front loans as the mayor put in this budget, as well as street trees, neighborhood improvements along main streets outside of tax increment. And we need to offer services to small businesses in exchange for the business income tax. So we have a strategy now for doing that. Which I appreciate the mayor's support on that. In those ways, this advances our neighborhoods. The other thing in terms of our city responsibilities, I was really pleased that we did not we opinioned—continued our capital set-aside program, and also supported the mayor in putting aside more money for infrastructure in the 2040 fund. We need to keep those there, because we need a way to put some money again in our town centers and main streets outside of tax increment. I hope we would not view that fund the way we have been as kind of a precursor for tax increment. But instead, save it, develop it, set it aside for those parts of town that will not be tax increment. Because we didn't have—can't have the whole city be in tax increment. The other thing is, in this budget we get 1.7 million for parks capital needs. And these are real. In the area of transportation and in the area of parks, these are the most serious areas that we need money for capital. And I appreciate that. We're going to have leaky pools and some play swings and small things, but a lot is going to be done with that 1.7 million in capital. Finally on the management side, there's kind of three things that are very significant in this budget. Commissioner Sten is fond of saying that—and he's very right—with property taxes capped, it's going to take management efficiencies for us to do other things. But we should be doing these management efficiencies anyway. It's part of our responsibilities. This budget advances it in at least three ways. The combination—this will be the second bureau I've given up. I gave up the metropolitan human rights commission, and now I've given this up as a bureau. This one was a

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little—they were very significant for different reasons. But it's the right—it was the right thing to do. And I enjoyed working with the mayor and the mayor's chief of staff on this, because we have too not—to not go to a city management form of government, but we need more efficiencies across bureaus. And frankly, five of us can't get there. Because we don't understand the whole picture well enough, in my view, and having elevating ofa to that position, we'll have to guard against too much bureaucracy. But I believe tim knows how to do that. And we can get management efficiencies here that five of us individually, or even five of us collectively would not be able to attain. I think that's a big deal that was done in this budget. The other two things is the parks audit is going to help us, and there's money in this budget to help implement the parks budget so that we have a better approach in managing our facilities and our operations. We're going to have a more—we're looking hard at how—the money we're spending in maintenance, and we're engaging workers to come in with more creative ways through the labor management process, but we needed some money to help implement the audit. The other thing that's significant I think in this budget, i'll let the mayor address it, but we're giving some help to police to civilianize an issue that the mayor recommended, that is very important, I think, to help efficiencies in the police bureau down the road. There's two people that I would like to thank. The first is the mayor. I didn't think you were going to be able to get there with five strong—four strong-willed commissioners and a whole lot of citizens out there who know what it takes to make a better city. And then when you're trying to include more people in that, it creates a very difficult process. So you deserve some thanks. The other group that deserves some thanks really is the fire bureau. Often in public I refer to myself as the parks commissioner. I've been spending the—the fire bureau is the one bureau in our city that actually has less money now than they had five years ago. And yet despite that, they have come up with—they took a full 2.5% cut and they are very well managed. And part of the way they did that is by not having the overtime that some other bureaus have, and using younger people to do some of the work. And they deserve a lot of credit, because they've kept the highest approval rating in the city, at the same time they've had the lowest growth in any money. They deserve some credit. Finally, there's one thing I forgot to mention that's very good in this budget. We are recognizing that we're growing more elderly as a city. And we're trying to get more resources to some of our seniors. What i'm really excited about is that combination of one of the first issues I talked about and one of the last issues I spoke about, when I was growing up had I had a tremendous advantage. I didn't fully appreciate it until now, of living next door to my grandparents until I went away to college. The inner generational, just being exposed to my grandparents made such a big difference on my life. What we're trying to do with some senior centers, starting with the neighborhood house and using some of the money we're about to allocate, is to create more inner generational opportunities in our after-school programs. And we're going to pilot some of those efforts to increase that, because I think we could do a much better job in that regard. So for all those things, it's terrific. We have a lot more work to do in front of us. But this is a very good budget. Thanks, mayor. Aye.

Hales: Well, bravo mayor and your staff, and ofa, or whatever sit now, ofm?

== omf.

Hales: sorry. Okay. for crafting a budget that I think does have—successfully balance all the community needs we've heard about, and does that at a time where obviously we didn't have the revenue growth that we've had in the past that made that sometimes easier. I don't want to in any way denigrate the good work you've done with this next comment, but I think actually although you did a good job of crafting this budget and we should all approve it, actually our citizens stole our thunder on this budget, because they made a far more significant budget decision for us when a majority of them decided to send in their ballots and a huge majority of those who did vote voted for the local option for Portland public schools, because this is the first budget in quite a while where we haven't had earnest even desperate parents and students in front of us saying, help keep public schools in Portland alive another year. And fortunately the voters in Portland have kept them alive, better than alive for the next five years by approving that five-year levy. I think the decision that got

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made on kitchen tables and thousands and thousands of Portland households is even more significant than the decision that we make here to maintain city services. I'm very glad that, again, you've done a good job, mayor, of balancing the city in this budget. Fortunately the voters got us back to where we're supposed to be with the school district under a mod couple of local control, a phrase we haven't heard often enough in this state, taking care of the schools and the city council taking care of city services. And that's the way it should be and hopefully will be from now on. Aye.

Saltzman: I want to thank all of us, all of us for the process that's—we've undertaken in the last few months. It's been my first full two-year budget cycle, so it's been illuminating. But I do appreciate I think our ability to work together on taking each of our individual priorities and making sure that each one of us came away out of this budget feeling that we had some of our individual priorities responded to. And I'm particularly thankful and proud of this budget for, as commissioner Francesconi mentioned, putting in funding for senior centers. They're an integral element of our community. They're only going to be more important over time. I think the administrative reforms and the professional service reforms, the strong goals we've set for reducing the amount of money we spend in both of those areas, those are strong aggressive targets, and it's going to be a challenge for all of us. We're all going to break a sweat to make those savings realities. Certainly the housing investment fund is a good solid victory. It's great that we were able to find the money, not enough money, but to find an adequate amount of money, and I'm very pleased that there's also an agreement that 10% of the housing investment fund monies will be retained for green investments. Finally, I want to close with, I am very thankful to the council's support for moving ahead on the green building initiative, for establishing a mechanism to fund it, to establish the green investment fund, and we will be revisiting that issue in the next couple of weeks with some proposals on the table, and consistent with today's efforts to try to keep secret about who we would name the civic stadium after, I won't say too much about that more, and we'll talk more about it. It's a good budget, and I want to thank you—thank the mayor and everybody. I have to mention one footnote about the fire bureau. There is one other office that had its budget reduced and that's the mayor's office. I learned that. Anyway. It's a good budget. Aye.

Sten: Well, if somebody had told me in the last two days there would be no amendment and no disagreements, I think would I have asked them what they were eating or something. But it really is a testament. I want to thank mayor Katz and Sam Adams and omf, or whatever you are now, for bringing us all together. I think probably the most significant thing about this budget is that in what I unfortunately view as the first year of a tougher paradigm than the one we've worked in in the past, which is no matter how much the price of real estate goes up in Portland, the taxes will go up 3%, it's going to be difficult to make that work, I think led by the mayor and ofa, we really did a nice job of trimming back administrative service and trying to rethink some things in order to free up some money. Because there's more money that is going to new initiatives and priorities that people have outlined so far in the council than existed going into this. So that's a real testament, and it's not easy to do. So I appreciate all the work that everyone did to get us there. In terms of removing—I am very delighted with the housing dollars. The key thing for me is the council has really put into action a belief that I think has been underlying all the investment and housing for the last five or six years, which is that housing investment has to be a basic infrastructure kind of an approach. Just like we do streets and sewers, we've got to make sure we're building the type of mixed income and mixed use housing in this city that will make the city work. This budget really makes that statement. In the same way the water and sewer rates really have turned the corner and are focus order the future, which is one of trying to be smarter with resources, we've priced them accordingly. Also I think another big deal which nobody has mentioned yet, but under the planning bureau we've really funded and put together and actually funded if you add it all up, probably cheaper than all the efforts that weren't coordinated in overall approach to the Willamette River. I think we've moved forward on in my area of the endangered species act, and all other areas, like the greenway and clean river plan, but we haven't been able to make some of those efforts greater than their parts, and there's a mechanism

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to do that in this budget. I think that's probably when it all boils away more important than the money we're investing, and I think we're going to—it's called the willamette river legacy project, and my hope and belief is it will be just that. We also did some real tough—it's tough with the money, but made the commitment to homeless youth and some of the other people. I think it's important to say this looks at infrastructure in 2040, but there's also basic human add investments that I think mark, the city is really paying attention to or not. With that, I support many of the other things, but you've heard the list already. And I want to end by thanking the mayor again. I'm proud to vote aye.

Katz: Thank you, everybody. You said almost everything that I would have said in terms of what was in the budget. It couldn't have happened without your help. Each of you have very specific interests because of your portfolio assignments, and you've brought them forward. The interest—interestingly enough they also reflect the citizens' priorities, which we heard during our meetings with the citizens at the beginning of the year. And we all try to accommodate it, and fortunately we were able to make enough reductions to make those accommodations. I want to thank, especially, not only the fire bureau, but also the police bureau that took some major cuts to not only fund their contract language in their agreement, but also to help support some of these other priorities, parks, housing, transportation, planning. The arts, the—and other priorities that the council and the community has. But I want to thank our staff. They worked very hard. Ofa, from top to all the way to the bottom, worked on weekends, had the added responsibility of identifying what's an administrative cut and what's not, and who was a support service bureau, and who isn't. And how to make sure that you didn't double count the numbers, which was very easy to do. And did all of that before we even looked at the budget details on terms of what we wanted to fund or not. And so I appreciate the hard effort. I always say thank you to you without you, it would have never have come together. Without the staff and the—the staff of the council members, who worked very closely with us, thank you. You were very helpful. You were not unreasonable in terms of your requests, and—of me and of staff. And there's a gentleman sitting up there that unfortunately now knows almost—not quite, but almost as much about the budget as I do, and he was a very important—play add very important role in keeping all of this together and making sure that there were enough communications happening between the offices and making sure that we were on top of all the details. I thank you. I want—

== what is his name?

Katz: He would be very embarrassed. But his name is sam adams and he is my chief of staff. And he now understands all the details of budgeting. The only thing neither one of us accounts is the silly accounting system that they have, that if you take off one column and—you have to add on to another column. But it all adds up, and it all balances out at the very end. And I want to thank drew. He is not here, but we appreciated—pushed and pushed drew to get us as close to the real forecast. And as you can see, usually about this time we have a little bit of extra money on the table, and we have nothing. It is the—the well is dry. My hope is that by june there may be some additional resources. I don't know if that's possible, but drew did an incredible job in estimating very, very accurately the revenues available for us to spend. So drew, thank you. Aye.

Saltzman: I just wanted to make one request next time we embark on this. We have some of the youth in our audience, we did set up a youth advisory board earlier. We set it up in 1999, and they meet every other sunday in the lovejoy room, more or less. And it would be my hope, I know we just got them going, but I hope the next budget cycle we can involve the youth advisory board more in reviewing the bureau budgets and giving us their comments and feedback. Because I think they have a lot to offer, and they're eager to get involved.

Katz: Thank you, everybody. And we stand adjourned. Have a wonderful holiday, have a safe holiday, and go blazers.

At 2:40 p.m., Council adjourned.