



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **3RD DAY OF NOVEMBER, 2010** AT 9:30 A.M.

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

Commissioner Leonard arrived at 9:35 a.m.

At 12:42 p.m., Council recessed.

At 1:04 p.m., Council reconvened.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Linly Rees Deputy City Attorney; Ben Walters, Chief Deputy City Attorney at 1:16 pm; and Ron Willis, Sergeant at Arms.

Items No. 1433 and 1434 were pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
1414 Request of David Magin to address Council regarding activism and social justice (Communication)		PLACED ON FILE
1415 Request of Randy Toole to address Council regarding activism and social justice (Communication)		PLACED ON FILE
1416 Request of Victor Mena to address Council regarding activism and social justice (Communication)		PLACED ON FILE
1417 Request of Melissa Sarabia to address Council regarding activism and social justice (Communication)		PLACED ON FILE
1418 Request of Lew Church to address Council regarding activism and social justice (Communication)		PLACED ON FILE
TIMES CERTAIN		

November 3, 2010

<p>1419 TIME CERTAIN: 9:30 AM – Report to Council on Grey to Green update (Report introduced by Commissioner Saltzman) 30 minutes requested</p> <p>Motion to accept the report: Moved by Commissioner Saltzman and seconded by Commissioner Fish.</p> <p>(Y-5)</p>	<p align="center">ACCEPTED</p>
<p>*1420 TIME CERTAIN: 10:15 AM – Authorize change in control of the cable franchise held by Qwest Broadband Services, Inc. to CenturyLink, Inc. (Ordinance introduced by Commissioner Fritz) 20 minutes requested</p> <p>(Y-5)</p>	<p align="center">184206</p>
<p>1421 TIME CERTAIN: 10:35 AM – Authorize Collaborative Agreement between Portland Parks & Recreation and Portland Public Schools for the joint use of facilities (Ordinance introduced by Commissioner Fish) 30 minutes requested</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p>*1422 TIME CERTAIN: 11:00 AM – Ratify a successor Labor Agreement with the District Council of Trade Unions for terms and conditions of employment of represented employees in the bargaining unit (Ordinance introduced by Mayor Adams) 30 minutes requested for items 1422-1424</p> <p>Motion to amend Exhibit A to correct classification error on page 48: Moved by Mayor Adams and seconded by Commissioner Fish. (Y-5)</p> <p>(Y-5)</p>	<p align="center">184207 AS AMENDED</p>
<p>*1423 Authorize a letter of agreement with Laborers' Local Union 483 amending the July 1, 2010 to June 30, 2013 Recreation Labor Agreement between the parties (Ordinance introduced by Mayor Adams)</p> <p>(Y-5)</p>	<p align="center">184208</p>
<p>*1424 Authorize the Friday after Thanksgiving as a paid holiday for non-represented employees consistent with the City's negotiated agreements with represented employees' unions (Ordinance introduced by Mayor Adams)</p> <p>(Y-5)</p>	<p align="center">184209</p>
<p align="center">CONSENT AGENDA – NO DISCUSSION</p>	
<p align="center">Mayor Sam Adams</p>	
<p align="center">Bureau of Planning & Sustainability</p>	
<p>1425 Authorize an Intergovernmental Agreement with Portland Public Schools to provide \$70,000 for durable lunch trays (Second Reading Agenda 1387)</p> <p>(Y-5)</p>	<p align="center">184199</p>
<p align="center">Bureau of Transportation</p>	
<p>*1426 Call for bids and authorize contract for construction of US 26 Adaptive Signal System Safety Improvements project (Ordinance)</p> <p>(Y-5)</p>	<p align="center">184200</p>
<p align="center">Office of Emergency Management</p>	

November 3, 2010

<p>*1427 Accept Emergency Management Performance Grant FY 2010 Final Report by signing FY 2010 Certification of Completion (Ordinance) (Y-5)</p>	<p align="center">184201</p>
<p align="center">Office of Management and Finance</p>	
<p>*1428 Pay claim of Jesse Porter (Ordinance) (Y-5)</p>	<p align="center">184202</p>
<p>*1429 Pay claim of Brian Turner (Ordinance) (Y-5)</p>	<p align="center">184203</p>
<p>1430 Accept bid of Emery & Sons Construction, Inc. for the Nob Hill Sewer Replacement for \$2,315,062 (Procurement Report – Bid No. 112191) (Y-5)</p>	<p align="center">ACCEPTED PREPARE CONTRACT</p>
<p align="center">Commissioner Randy Leonard Position No. 4</p>	
<p>*1431 Authorize a grant agreement with Oregon Food Bank to provide food for families in need (Ordinance) (Y-5)</p>	<p align="center">184204</p>
<p align="center">Bureau of Water</p>	
<p>1432 Amend contract with Shearer & Associates, Inc. to increase compensation, decrease the performance period and increase the scope of work for the Burlingame Tanks Improvements Project (Ordinance; amend Contract No. 30000960)</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p align="center">Commissioner Nick Fish Position No. 2</p>	
<p align="center">Portland Housing Bureau</p>	
<p>*1433 Authorize application to the Department of Housing and Urban Development for a grant in the amount of \$1,000,000 to identify and correct housing-related health and safety hazards in low-income housing (Ordinance) Motion to add grant authorization language to the ordinance: Moved by Commissioner Fritz and seconded by Mayor Adams. (Y-5) (Y-5)</p>	<p align="center">184214 AS AMENDED</p>
<p align="center">Portland Parks & Recreation</p>	

November 3, 2010

<p>*1434 Amend contract with Merryman Barnes Architects, Inc. to increase compensation up to an additional \$150,000 for services relating to the Flavel Maintenance Yard Renovation Project (Ordinance; amend Contract No. 37190)</p> <p>(Y-4; N-1, Fritz.) Ordinance failed.</p> <p>Motion to reconsider: Moved by Commissioner Fritz and seconded by Commissioner Fish. (Y-5)</p> <p>(Y-5)</p>	<p align="center">184210</p>
<p>*1435 Authorize the City Attorney to commence eminent domain proceedings to acquire property for the South Waterfront Central District segment of the Willamette Greenway Trail, pursuant to a Letter of Intent between the property owners, the Portland Development Commission and Portland Parks & Recreation (Ordinance)</p> <p>(Y-5)</p>	<p align="center">184205</p>
<p align="center">REGULAR AGENDA</p> <p align="center">Mayor Sam Adams</p> <p align="center">Bureau of Planning & Sustainability</p>	
<p>1436 Update the residential franchise customer cap to reflect forty percent of the customer base (Previous Agenda 1388; amend Code Section 17.102.130)</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p>1437 Amend and extend an Intergovernmental Agreement with the Port of Portland for planning services to prepare a West Hayden Island plan and possible annexation proposal and provide for payment (Second Reading 1381; amend Contract No. 30000526)</p>	<p align="center">184211</p>
<p align="center">Office of Management and Finance</p>	
<p>1438 Authorize interim financing for local improvement projects (Ordinance)</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p>1439 Authorize borrowing for renovation of park maintenance facilities (Ordinance)</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p>1440 Approve agreements with Peregrine Sports, LLC and Providence Health & Services–Oregon for the use and occupancy of a sports medical clinic at PGE Park (Ordinance) 10 minutes requested</p>	<p align="center">PASSED TO SECOND READING NOVEMBER 10, 2010 AT 9:30 AM</p>
<p>1441 Authorize revenue bonds for urban renewal areas (Second Reading Agenda 1408)</p> <p>(Y-5)</p>	<p align="center">184212</p>

November 3, 2010

<p>1442 Authorize a one-time exception to Human Resources Administrative Rule 6.03 to allow carryover of vacation leave in excess of the two year maximum accrual (Second Reading Agenda 1409) (Y-5)</p>	<p>184213</p>
<p style="text-align: center;">Commissioner Randy Leonard Position No. 4</p> <p style="text-align: center;">Bureau of Development Services</p> <p>1443 Authorize negotiation of an Intergovernmental Agreement with the State of Oregon and negotiation of a Vendor Contract for the implementation and support of the Bureau of Development Services Computerized Permit Tracking System in coordination with the State of Oregon eBuilding Permit system (Ordinance) 45 minutes requested</p> <p>Motion to accept amendments as outlined in staff November 1, 2010 memo: Moved by Commissioner Fish and seconded by Commissioner Fritz. (Y-5)</p>	<p style="text-align: center;">PASSED TO SECOND READING AS AMENDED NOVEMBER 10, 2010 AT 9:30 AM</p>

At 1:30 p.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

November 3, 2010

WEDNESDAY, 2:00 PM, NOVEMBER 3, 2010

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

November 3, 2010
Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

NOVEMBER 3, 2010 9:30 AM

Adams: Before the city council is gaveled to order officially I want to read the following proclamation that its an observation of this month, if you'd like to introduce yourself first

Tess Baldwin: I'm the board president for young professionals of Portland.

Chabre Vickers: Vice President of civic involvement for young professionals of Portland

Seth Warren: I'm seth warren, president-elect for young professionals of Portland.

Adams: What is --

Baldwin: YPOP?

Adams: What is the mission of YPOP?

Baldwin: The mission is that it's an organization representing Portland's next generation of leaders. It's the premiere resource for young professional who is desire to grow their business and expand their networking and provide a forum for young professionals to grow personally through social and educational and civic opportunities.

Adams: Great. We'll read the following proclamation. Whereas, young professionals in our Portland community come together and provide fresh perspectives in their everyday workplace and continue to be an integral part of our community through passionate engagement in sic involvement and innovative thinkers and contribute to the economy and community and the lifeblood that will perpetuate this city's engagement in local and regional issues and not only do the young professionals work here, but live here and plan to grow their families here to become our future leaders and these emerging leaders come together throughout the year and whereas, we continue to be a viable city through their outreach to help us move forward. I, sam Adams, mayor of the city of Portland, proclaim november, 2010, to be young professionals month and encourage all young professionals to observe. Appreciate it. [applause] [gavel pounded] city council will come to order. We'll begin our day with -- today is wednesday, november 3rd, 2010. It's 9:30 a.m. We have five communications.

Adams: Can you please read communications item number 1414.

Moore-Love: Do the roll call first?

Adams: Oh, yes. Sorry. [roll call]

Adams: Now can you please read item number 1414?

Item 1414.

November 3, 2010

Adams: Mr. Magin? All right, please read item 1415.

Item 1415.

Adams: Mr. Toole? All right. Please read item 1416.

Item 1416.

Adams: Mr. Mena? Can you please read item 1417?

Item 1417.

Adams: Ms. Sarabia? Please read item 1418.

Item 1418.

Adams: All right, hi, Lew. Welcome back.

Lew Church: Good morning. I'm Lew with PSU Progressive Students Union and Transit Union. On the west coast, congratulations to Jerry Brown and Harry Reid and hopefully Boxer and Patty Murray. It appears Jerry Brown and Barbara Boxer defeated the multimillion campaigns of Meg Whitman and Carly Fiorina. And as noted in the past, progressive student union and transit city union believe in boycotts as well as ballots. Like Interest King and the Southern University Conference. The unelected Tri-Met Board President owns a café in Hillsboro. And he held the May primary victory party for Tom Hughes at the café and opposes having the Tri-Met Board elected and voted for every fare hike and service cut over the past two years. Boycott Reedville café. They want to highlight particularly in light of Citizens' United and Karl Rove's group, the anti-American Crossroads. They donated \$50,000 to the elections and \$10,000 to apparently defeat Bob Stacey for Metro President. We've pictured TBA once and will again. Tenant Rights Project, another primary project along with Transit Riders Union. Continues to organize for tenant rights. Central City Unconcern, and Pinnacle Management. Tenants are a marginal i'd group who will benefit from our overturning Citizens United and in Portland, counteract can the pernicious influence of Karl Rove's Munchkins of Business Alliance.

Adams: Thank you, Lew. I understand that 1334 is pulled to the regular agenda.

Fish: Mayor Adams, 1433 needs to be pulled and on 1434, we're more than happy to have a council discussion. I would ask my colleagues if we could have up to 24 hours' notice of a colleague pulling a matter so we can have adequate staff present for that issue.

Adams: So what do you want to do with 1433? Back to regular agenda?

Fish: Goes to regular. I have to do an amendment.

Adams: 1434 will go with 1439; is that correct? So anyone else wish to pull any items from the consent agenda? All right. Karla, please call the roll on the consent agenda.

Item 1425

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

Adams: Aye. Consent agenda is approved. We'll proceed with time certain, starting with the 9:30 time certain. Can you please read the title for this report?

Item 1413.

Adams: Commissioner Dan Saltzman.

November 3, 2010

Saltzman: Thank you, mayor. I think many people when they think of the bureau of environmental services think of the big pipe project, which is our gigantic pipes running alongside the willamette and underneath the willamette. What people don't realize about the bureau of environmental services is its responsibilities for green infrastructure, for protecting natural areas, for restoring watersheds to healthy conditions and many other things that contribute not tonight cleaner rivers but to a better quality of life in our city for our residents and in a morning where we could use good news, this report will provide some. In 2008, under the leadership of commissioner Adams. Approved funding to accelerate efforts if restoring watershed health and protects rivers and streams and cutting edge green technology and industries. This was dubbed grey to green. And while the gray, or the pipe infrastructure will be a critical part of our stormwater management infrastructure, this council realizes using green approaches and partnering with folks outside of government is often a more cost effective way to manage our stormwater. And provide opportunities for business expansion and retention and our burgeon ecoroof industry is one example. The grey to green initiative was envisioned as a five-ier effort and we're at the halfway point. So the key to its success is the work of private business, other government agencies and community partners have played in reaching grey to green targets. So we'll have dean marriott and daniela make a presentation and then I believe one panel and that will be dave mcallister from parks and recreation. And scott fogarty with friends to trees and matt clark with johnson creek watershed council. Thank you for being here and we'll turn it over to dean or -- one of the two.

Dean Marriott, Director, Bureau of Environmental Services: I'm dean marriott, environmental services director and as commissioner Saltzman mentioned, with me is Daniela Cargill, the person in charge of pulling together all of the information and reporting on the grey to green efforts. First, daniela will continue to do a great job of shepherding and controlling and encouraging people to participate and make the targets for grey to green. It's literally a team effort, not only environmental services but across the city with other agencies and as the commissioner mentioned we'll talk about the partnerships we've been age to develop with the private sector. You'll see evidence of what we talk about, the green jobs and some evidence -- some success in Portland for generating green jobs. Daniela is going to start the slide show. I have a couple of introductory comments before I turn it over to her. As commissioner Saltzman mentioned, we're just about halfway through the five-year initiative and I want to emphasize that this was -- we view this as a real booster pack on to our efforts. We've begun work in green infrastructure many years ago, but the grey to green initiative was to put it into overdrive and get out there and set specific goals and targets and really lay down markers for us to meet to demonstrate that the green infrastructure does work and it's cost effective. What you'll see is evidence that's been a success and we look forward to coming back to you periodically to report on the progress with -- periodically with the progress. With that, i'll turn it over to daniela.

November 3, 2010

Daniela Cargill, Bureau of Environmental Services: Thank you, I'm with environmental services. 2008, city council approved additional funding to accelerate work in transforming our approach to infrastructure, from grey to something a little bit more green. What we hope to do is give you an update now that we're halfway through our five-year time frame. \$55 million of seed money, this has infused the community with hope for Portland's green future of taken as a whole, Portland is a leading example of the green infrastructure movement. We take a holistic view and think of the multiple tools to get the work done. Portland is known as a leader in the partnership and building of programs with the input of the community. On the screen are pictures of three of the grey to green elements. A ecoroof, a tree planting and a green street facility. Grey to green is a commitment to trying new things for old problems. Our streams and rivers degraded over time because of it. Grey to green is an infusion of green approaches to our way of doing things. We're here to update you on how we're doing and say thank you to city council for supporting these new approaches. These are the things we're going to talk about today. Going to cover the initiative background and where we've come. Accomplishments in the seven grey to green elements, including the program highlights. Things we have to celebrate. Some of our challenges. Where we're headed. And then after the presentation, we're going to hear from some of our key partners. This slide puts us where we are in time. We're halfway through the five-year initiative. Before the five-year time frame and started in 2008, we were following the watershed approach. But with this infusion of resources, we were able to accelerate elements of our implementation of the grey to green initiative gave us \$55 million of new capital and operating dollars and we added this to the staff and resources already working on watershed health improvement. When we launched the initiative, we had key assumptions. Key assumptions. Collaborate with community participants, build ramp-up time into our program. And count on private development to deliver our target. As planned, we're on a solid ramp-up. Programs and capacity are ramping up to meet ambitious projects.

Cargill: Although they seemed nearly impossible two and a half years ago, we're seeing positive results. We're also building civic infrastructure. We define this as organizational partnerships, community involvement and private industry development. This is civic infrastructure. A neighborhood planting day at friends of trees. Kids learning where pollution starts using a watershed model. Schoolchildren planting trees. A mini ecoroof example. And people wanting to understand the plants in their own backyard at a community event sponsored by BES. Civic infrastructure is people doing things in their own backyards, business partnerships and community partnerships and community building. We're doing all of this while meeting targets. The grey to green initiative focused on seven key program elements. We're now going to transition into quick updates on each of these. We'll start with green streets. It's been one of our most successful program areas. Remember, the green streets approach gets you increased capacity in our pipes at lower cost with more benefits. We have a target of 920 facilities. So we've billion 352. Although we've

November 3, 2010

completed 352, we're on track to meet or exceed our target. Yard and street trees. These are trees planted in our urban area and do not include trees planted in natural settings. We're managing rain where it falls. So manage a program that plants yard and street trees. It includes a contract with friends of trees, a tree-bate for property owners who plant a tree on their properties. And a partnership with parks, and a contract with other bes contractors where neighborhood friends of trees planting days do not meet our needs. The benefits are healthier communities and better wildlife habitat and better air quality.

Adams: [inaudible]

Cargil: We have a target of --

Adams: Trouble -- shovel.

Cargil: A shovel, yeah. We have a target of 83,000 trees. So far we've planted 17,400. This is a 500% increase over the number of trees planted before grey to green. Ecoroofs. Ecoroofs in Portland come in all shapes and size. You'll here more about this program later in the year. We have a target of 1.9 million square feet. So far we've built about a quarter million square feet. This is equal to 100 roofs completed. A local and ecoroof industry has been created. We know five for firms have been created, specialized or relocated in Portland since the beginning of this initiative and it's creating job opportunities for minority and small businesses. Revegetation. These trees are different from street and yard trees. These are the natural area trees and typically seedlings and this is a program we started over 10 years ago, largely in response to needing the control the temperatures in our streams and rivers. We have a five-year target of 350 acres and so we've planted 300. The highlight is we're developing and have large institutional partnerships with odot and ohsu to get more trees planted. Culverts. Focused on crystal springs. The picture on the right is the one that's been completed so far. It's retrofitted. And we are taking a holistic view of our work in crystal springs. With our grey to green resources we've focused our dollars to get high impact, we have multiple partners and on target by leveraging our dollars two-to-one. Land acquisition. This is a photo of some of the resources we have on the east of johnson creek. It's part of grey to green because protecting the headquarter butte areas is cheaper than treating and restoring the functions once development curse. We have a target of 419 acres. So far, 104 acquired or in escrow. The highlight is that the focus on headquarter areas has drawn regional partners to the table for a long-term effort. This is also in johnson creek. We've learned it's not enough to focus where the water ends up. We have to focus where it falls. And this is a photo of the baltimore woods property, a recent acquisition in the willamette watershed. Here's a map of the land acquired to date. Totals 63 acres citywide. Invasive plants. The picture on the left is youth corps doing work and the mysterious plant on the right is giant hog weed. If you come in contact, your skin with flair up in blisters. This is spot treatment of the most aggressive weed species with the intent of keeping them under control before they become problems. We've completed 506. The highlight is that the city is considered a leader in the statewide effort to control invasive weeds. Many are interested and

November 3, 2010

considers the city the go-to place for information. As you know, our invasive plants program includes a partnership with Portland parks with a program called "protect the best." where we manage the weeds in areas such as forest park where we have our highest valued natural resources. We have a lot to celebrate. Our community partnerships are exceeding expectations and we're building civic infrastructure. Our partnerships are getting stronger. Our programs are ramping up and integrating into the daily work of bes and other partners. Grey to green was meant to be a catalyst and it's working. We're getting national attention for our ecoroof, yard and street tree program and ecoservices report is getting a lot of interest. Benefits we typically think of as qualitative only. Health and energy. So we do have challenges. For some of our grey to green elements we need a couple more years to meet targets. Early assumptions have not panned out as expected. The private market slowdown -- the number of ecoroofs in the five-year time frame. Coordinating with important partners takes time and especially true for street trees and need time to develop lasting relationships and solidify matching funds. The challenge of protecting our investment has become most parent as we looked into the future of green streets and street trees in the natural areas we're acquiring. We have to be cost effective in our management and get on the trajectory so they provide the full ecological benefits and meet community expectations about how things look. So where are we headed? As we grow our green infrastructure inventory, it puts pressure on maintenance. We're considering trade-offs and realize we can't take care of our green assets using the same models we've developed for years our grey system and looking to new ways of doing maintenance work. That rely on partnerships between government and the private sector and partnerships between government and the community. We're connecting the dots. We know we don't want our dollars going down the drain and don't want unhealthy watersheds with erosion, mismanaged stormwater and the natural hazards that come along if we put development in areas that would have been better if we left them in the natural state. Avoiding the costs we don't want and people are involved and it's affordable. This is all tied back to the watershed management plan and our responsibility to show results in our watersheds and to our regulatory community. Simply put, investing in green produces benefits and shows results. Internally at bes, we're integrating green infrastructure into asset management. We're bringing together our best thinking about ecosystems with our best engineering thinking. We're also seeing an expansion of civic infrastructure in Portland. Through partnerships like intertwine and others, we're investing in our local community with green infrastructure and it's working. We're taking a long-sighted, not short-sighted view, and Portland is better for it. Thank you, that closes our presentation for today. Before we answer any questions you have and then hand it over to our special guests, I wanted to acknowledge and thank the staff for their efforts. Tim, jennifer, amy and matt berlin, mitch and our invasive coordinator, dominique. Shana anderson and chad smith. This initiative wouldn't be what this is without their dedication and hard work.

Saltzman: Thank you. Should we bring the panel up?

November 3, 2010

Marriott: And we'll be available for questions afterwards.

Saltzman: Great. Matt clark. David mcallister. And bob sallinger. Welcome.

Matt Clark: Thank you.

Saltzman: We're start with matt.

Clark: Great. I'm thrilled to be going first.

Saltzman: Give us your name and affiliation.

Clark: Matt clark, the director of johnson creek watershed council and here today as one of the city of Portland's partners in protecting and enhancing our shared natural resources. First I want to thank you for funding the grey to green initiative. This money is fielded for the long term health of our creeks, urban forests, watersheds and the Fish and wildlife apt people that rely on the services they provide. Second, I want to share with you how effectively we, the watershed council and the city, complement each other's work and this is not an accident. This is a deliberate and thoughtful partnership and it's made each of us more effective than we would be alone. Third, I want to urge you now to protect and sustain the mutual investment that we're making by continuing grey to green funding within the current round of funding ends in 2013.

Two specific grey to green programs I want to talk about, invasive species control is an ongoing battle in johnson creek watershed. In 2008, the council and city joined forces to tackle garlic mustard, one of many invasive weeds in johnson week watershed. The watershed council is focusing on private streamside area where is we have long-term existing relationships with landowners. In 2010, we treated 19 acres of garlic mustard infestations. The city brings the capacity and responsibility for effective roadside treatment. In 2010, the city treats eight acres along seven miles of public right-of-way in johnson creek watershed. The point, together we're managing garlic mustard more efficiently. You take the roads and we'll take the waterways.

The second area i'd like to highlight is conservation land acquisition. 48 new acres of ecologically valuable land is now in public owner ownership in johnson creek watershed. Add the land acquired by metro and Portland parks and recreation and it's over 225 new acres protected in johnson creek watershed since 2006 a group of nonprofits be including the watershed council and the seven jurisdictions in the watershed are working together to build on these achievements. We're in the midst of creating a shared watershed-wide land acquisition strategy for johnson creek that identifies 7,200 acres of land important for liveability, salmon and wildlife habitat and stormwater management and adapting to climate change. By february, we will have a completed acquisition plan that we will take to funders to secure additional resources to acquire and protect important lands in johnson creek watershed. And we could not do this without grey to green as leverage. Final point, most of these newly acquired lands need to be restored and then maintained after being restored p. The watershed council is adopting these public lands as stewardship sites. For example, we just adopted a six-acre grey to green purchased on veterans' creek, a tributary to johnson creek. And we helped to restore and maintain them. We take on this work because we value these lands and we value what the city has done to protect these lands. So thanks again for providing the funding for the grey to green initiative. And

November 3, 2010

please remember that it is part of a long-term investment that we are making together.
Thank you.

Saltzman: Scott?

Scott Fogarty: Thank you. Good morning, mayor and city council. I'm Scott Fogarty, executive director with Friends of Trees. I want to thank you for your -- conceptualizing and investing in the Grey to Green initiative. It set a standard for green infrastructure investment across the country while at the same time providing much needed eco-services benefits at a lower cost in our community. By investing in sustainable long-term key options to address needs, with you set a press department on the values we place on the natural environment within the built environment and deliver needy infrastructure systems to the city of Portland. Our goal is to plant 85,000 street and yard trees over five years. This initiative represents an economically proactive measure in addressing current and future stormwater needs using trees instead of pipe and we're on our way to meeting these goals. We're facing hurdles both foreseen and unforeseen and seeing opportunities that we never thought existed. Including expanded partnerships with ODOT and Metro and relationships with local leaders, including Portland General Electric and the Portland Timbers and we remain steadfast to meet our goals. The coolest things about the initiative, other than meeting thousands of volunteers and homeowners on cold -- and elected officials -- on cold, wet and muddy weekends in the fall and winter, the cool thing is the multiple knowledge and benefits that Grey to Green leverages connected to the initiative and outside of the goals of the initiative and I'm talking about job creation and retention that are direct results of Grey to Green and the social capital created by recruiting, training and educating thousands of volunteers and talking about community equity by providing services and education and opportunities to communities of color, unemployment and low canopy cover. We use minority subcontractors like Verde and in turn creating more education about our natural systems and opportunities for advancements in those communities. The number of trees Friends of Trees has planted has tripled. Predominantly in areas -- and increased neighborhood participation by 12% and Portland is known nationally for having overall canopy growth resulting in millions of dollars of benefits to the citizens while other cities experienced loss. With the influx of new residents and the pressures on development, or conversely, the downtime of development, we must stem the loss of canopy loss by continuing to -- providing jobs especially in the neediest neighborhoods and I've given essential presentations around the country and those cities want to learn from our public private partnerships we've had here in Portland and want to replicate those. We're excited about the investment you've made in our urban forest and pleased to see the tree code recommendation coming out of the Urban Forestry Commission and encourage you to invest in green infrastructure and green environmental projects because not only are they economically and environmentally sound, they're socially responsible. Thank you very much.

Saltzman: Thanks, Scott. Bob?

November 3, 2010

Bob Sallinger: Good morning, my name is bob sallinger shall the conservation direct are for the Portland audubon society and want to thank you for your leadership in green stormwater and strategies. Audubon's been involved in the policy end of this going back more than 20 years, through the work of mike here today and in 2001 when I became the urban conservation director and we were on the watershed science committee since 2001, just terminated this year. Served as the chair of that and budget committees and the new grey to green committee and countless subcommittees and that work is important and it's been a really -- really, I congratulate bes for their effective leadership on this. We serve on a lot of public committees for a lot of bureaus and of all, those have been the most valuable, in my opinion. Done a an outstanding job of making the time worthwhile, following through and doing a process that goes somewhere. So I want to congratulate dean and the staff on a successful long-term process and want to note mary wall, who really led the effort and she'll be missed. When I last became the urban conservation director at audubon, we put what we were doing on the board and I started looking for things to cut. The first thing was green sustainable stormwater and kept erasing it and I would come back the next morning and say why you keep writing it back up? And he said, you'll understand. This is -- it may not seem like it's within audubon's mission of biodiversity but it's going to transform the landscape. It's where we get into every nook and cranny and create sustainable urban landscapes. And one of the things that mike kept repeating to me, as I started working on it, I would go and show him the things we were working on in the committees, this is good, but we came up with these ideas 10 years ago and if we had implemented then 10 years ago we would have been ahead of the game. We had gone repeatedly over the same ground but hadn't moved to the implementation. In 2005 when the watershed plan was adopted. We came and challenged you, this is a great plan but there's a stack of great plans behind it, and if we don't fund it, it's going to stay on the shelf and we'll be back here and I give credit to commissioner Saltzman for making the decision and recognizing it was time to fund it. With the watershed investment fund. \$250,000 the first year. Super-excited it was half a million the second and then \$55 million the third. An amazing leap. But what I think is so exciting, we're moving from pilot project, nice to do and scattered around the city, to landscape level implementation and that's where we need to be at. I want to look forward for a couple seconds and put a few things on your radar screen. Priority, bringing new groups into the mix. You've heard the examples. There's great partnerships going on and a lot more opportunities in front of us. Audubon is looking forward to partnering with the city on our backyard certification program that gets into the backyards in the way that the city hasn't in the past. We had a waiting list of 150-yards who wanted to get started with removing invasive and stormwater. And secondly, need to continue to focus on three things -- implementation and also monitoring and evaluation. It's easy to lose those pieces. But those pieces have to be funded and it's critical to set bench marks and making sure we're having the effect we want to be and I would negotiation on implementation, monitoring and evaluation. Third, continuing to fund this. It does

November 3, 2010

run out in 2013. I know there's talk about whether we put it into -- integrate it in the whole budget or keep it as a grey to green program I would encourage you keeping it as a discrete package. That's allowed the community to get involved and allowed people to track it. Setting the benchmarks, I think has broadened the community in a way that hasn't happened previously and if it's in the budget, you can't really see it. And then fourth, focusing -- working with the intertwiner and its regional effort and integrating our effort with the rest of the region. There's a meeting next week. We're going to kick off a biodiversity strategy and I hope your staff label to attend. The stormwater strategies are in some sense a reflection of the fact we didn't see things right in the% place. But the reality is that a lot of the costs we're incurring today could have been avoided if we had done it right 40, 50 years ago. We didn't know better. We do now. so I would focus on the natural resource protection opportunities. Like Hayden Island and River Man and Airport Future where is we have an opportunity to protect the landscape and to it right from the get-go. That's the cheapest and most effective way. I want to thank you for your leadership on this.

Saltzman: Thank you. Dave?

Dave McAllister, City Nature Manager, Portland Parks and Recreation: Excuse me. Good morning, Mayor Adams, members of council. Dave McAllister. With Portland Parks and Recreation. I'm the city nature manager. Parks has responsibility for our urban forests and over 7,000 acres of natural area in the city and we depend heavily on the partnership with the Bureau of Environmental Services. It's been an historic partnership and one that we value greatly. Grey to Green has allowed us to enhance that partnership and I'm very thankful for the leadership of both of Mayor and Commissioner Saltzman. I want to bring up four specific areas where I think we've really benefited from this program in respect to the programs that I oversee. We have aggressive target to increase the urban canopy to about 33%, and this tree planting effort has really allowed us to kick-start that effort and help us reach those targets. It's a performance managed effort that Parks takes seriously and this partnership in that area along with the nonprofits we work with has been really vital and I might add there's a community forestry element to this in which we've been out there engaging the community at large, much more, through the cooperation of BES and through these Grey to Green funds. And it's really been a good area for us to get enhancement in the urban forest. Secondly, in 2008, the council approved our natural area acquisition strategy. And what we've been able to do is use these Metro Local share funds to good up and acquire some very important natural areas throughout the city. Ones we've targeted for a long time through the acquisition strategy. The money that's been available through Grey to Green has allowed us to partner and leverage those dollars we've had access to with Grey to Green dollars and actually allow us to accelerate our strategy and also accomplish many of the objectives that -- of the watershed management plan. So that's been a really good partnership in that area. Our natural area management, we have enhancement of both protection and then we want to restore many of these areas. We tackle it in two areas. One from the lower end in which we aggressively try to revegetate areas severely degraded and the grey

November 3, 2010

to green program's been very helpful in that area. Daniela mentioned the protect the best program, which is our particular program that looks at keeping our really important and highest quality natural areas in a good condition, as well as working down from the top to start improving the areas that are slightly degraded and that's another area where grey to green has been tremendously helpful. And finally, i'd like to mention a program that I think we in parks who are involved in kids, and involved in youth, really very appreciated and -- really, really appreciated and it's youth conservation corps that grey to green has been an important collaborator in. And through that program, we're starting to reach kids at risk and need help and involve them in both active ability to work in their city, to learn about their natural areas. We have them working in our no-ivy-league program and helping us plant trees in the city and that's been wonderful and I don't think we would have gotten there if it hadn't been grey to green. So I want to thank all of you today for your help in this area, thank you all for your leadership and partnership.

Adams: Thank you very much.

Saltzman: I don't know if we had anyone --

Adams: Anyone signed up?

Moore-Love: We do. Four people signed up. The first three, please come on up.

Adams: Hi, welcome. You just need to give us your first and last name and tell us what group or organization you're representing than clock will help you count down three minutes.

Rey Espana: Mayor Adams, commissioners, it's a pleasure to be here with you. My name is ray espana, the director of community development for nyfc. It's a blessing to be with you and share today, kind of speaking in support of the grey to green initiative. I want to change my remarks a little bit in light of what I think is maybe a bit missing in terms of the presentation today. I want to acknowledge scott's commentary on the equity issues. The item of addressing specifically disenfranchised communities and communities of color that could be impacted. Unfortunately, in the presentation of the slide show, there seemed to be a lack of information or focus on benefits that I think need to be integrated and I firmly believe each of you are firmly committed to these issues of equity and advancement. So I think it's both a catalyzing effort, the initiative, to create not just environmental assets. It's an opportunity to catalyze equity advancement as well and I would hope you consider raising the expectation to get feedback on future updates about that progress on issues the equity. Job creation, contracting opportunities. Neighborhoods' impact. And I just wanted to divert from that briefly. But today, i'm speaking very much in support of the work that has been initiated. I stand with colleagues today who have that equity focus as well. You'll be hearing from directly. One specific thing that we've wanted to acknowledgment we're interested in the ecoroofs and appreciate the contracting opportunities and reaching out to agencies color who may own property or buildings we can provide a site for ecoroofs. So it's one of the sites where we'll try and look at what we can do. And with that, I want to just close my comments but to say that we're very engaged and looking at how we can advance, our interest and attention

November 3, 2010

into not just the grey to green initiative, but broadly, the of environmental assets and equity issues throughout the community and specifically in the cully concordia neighbor. We're very active and you'll hear more from us collectively and i'm doing organize to give us a sense of presence I want to say thank you today. I appreciate your efforts in this regard.

Fritz: I like your suggestions that include in all of the records an equity component. It's a very good suggestion.

Tony Jones: Good morning, mayor. Commissioners. My name is tony jones, the executive director of metropolitan contractor improvement partnership. We provide building and training and focus on the underutilized businesses and applaud the grey to green program. The first thing I want to comment on, we applaud there's a procurement process that strongly commits to economic he can quilt. The key element for communities of color in addition to environment and economics. Having a process that allows 30 points for equity is a more appropriate balance in participate with community of color and minority women workforce. You have to be intentional about that level participation. 30 points indicates your serious. 10 points does not. It's brushed over. I applaud that, it makes proposers get you to an intentional strategy that gets you to the goals you want it seek. And the advantage is forged in the ecoroof rfp with snyder roofing and verde and other partners and we appreciate that effort to install ecoroofs on existing commercial buildings and the collaboration brings out the best in our community. We work with a experienced contractor, snyder roofing and provide workforce opportunities to communities of color and women. We think that that is a very important component to make sure that's happening upfront. Yesterday, I had the pleasure of participating in a meeting with verde and the manager are snyder roofing and because the rfp was intentional about the importance of equity, it wasn't an arm-wrestling meeting about what are you going to do to get minorities and women involved? It was how are we going to do it? Let's get it done. Who do you have that can do the work? What are the barriers and what can we do to make it happen and it was great we could share information with the project manager who immediately said i'm not only looking for to working with these contractors on the ecoroof program, we can work with them in our other private sector opportunities and that's we need in communities of color. Not just when someone is watching but when there's other private sector opportunities that we can continue to provide to the communities of color. We applaud it and is the way to go. What's important is wealth creation and living-wage job and what's really important to me, our children can say to your children, hey, we had an opportunity, or my family, my members in my family had an opportunity to actually actively participate in environmental, sustainability and making our communities better and my mom, dad, uncle had an opportunity to build this.

Adams: Thank you.

Connie Ashbrook: Good morning, mayor, councilmembers. I want to -- my name is connie ashbrook. Executive director of Oregon tradeswomen and I want to thank my community partners here at the table. We feel like the grey to green initiative is an

November 3, 2010

important part of Portland's economic development and commitment to the environment. We also want to appreciate the way it makes sure that benefits do reach out to women and people of color through the attention to the diversity in the contract diversity workforce. We as folks might know, we run a pre-apprenticeship program for women. Building women's economic wherewithal, through the job training and that includes training on green building. Including ecoroof building and stormwater management techniques and as part of that, because of that training, four of our graduates have gone to work for snyder roofing. That's a real impact. And I want to thank all of you bus of the economic opportunity initiative of the city of Portland also helped fund our training. I want to close by asking for your continued attention and direction to the bureaus you manage, to continue to make diversity a strong point of not only the grey to green, but the other public works initiatives. This is a return on investment, not just a cleaner and greener city. But also a city that has more prosperous residents who contribute to a more prosperous city. Thank you.

Adams: Thank you all very much. Appreciate it. Anyone else?

Moore-Love: Last person who signed up -- alan.

Adams: Welcome back.

Alan Hipolito: Hi. Good morning, mayor Adams, councilmembers. It's good to be here to celebrate one of our growing number of triple bottom line projects. So i'd like to take a second just to celebrate in detail some of the equity results we've had to date and also look toward those in the future we can realize together. Verde, as you know, is to build environmental wealth in -- clean air and water and habitat and technologies like stormwater management and weatherization and solar and renewables and opportunity for education and job training. And employment. And so we've been fortunate to participate in grey to green in a number of ways. We're a subcontractor to the friends of trees and growing trees for the project. Through that, we built our capacity and we're able to successfully bid on a bes offering for street tree plantings, competitively bid. And as mentioned, working with the responders to the grey to green ecoroof rfp's, snyder roofing and I wanted to share the four goals we were able to put into the project. One was as was mentioned, new ecoroofs in communities of color, so like urban league and place where is people go all the time. So they can see what is that? It's an ecoroof. It's in our community, we helped build it. Capacity -- women and minority-owned embezzle, and on the job training opportunities for our own folks and we all know that this green economy offers exponentially greater opportunities for jobs than we could create in our little social enterprises at verde.i'm happy to share that we were able it achieve these results, as tony mentioned, because there were social equity guidelines and the responders had to make commitments this that regard and i'm here to celebrate the leadership necessary to achieve those ends and honor the successes. And let you know we're looking forward to working together with your support with the project team. Both in their advisory committee and otherwise. To extend these benefits and requirements to the other areas of grey to green, like 1% for green, like the ecoroof grant. And when we do that, you can see we're creating placement opportunities for the job training programs we're funding

November 3, 2010

from other parts of government and partners like eoi and bidding environmental wealth and creating new constituencies for environmental protection. Thank you.

Adams: Thank you very much. Anyone else? Did you want to -- the council to accept this report?

Saltzman: Yes.

Adams: I'll take that as a motion. Is there a second.

Fish: Second.

Adams: It's been moved and seconded. Karla, call the vote on the report.

Item 1419 roll.

Leonard: Thank you for the excellent ongoing work creating sustainability in all of our practices in the city. I think it's a great example. Aye.

Fritz: Yes, thanks, commissioner Saltzman, and director dean marriott for your leadership in this project and as we've heard, for implementing on the ground our shared goals for social equity as well as environmental responsibility and economic development. And thanks, then commissioner Adams, now mayor Adams, for continuing to support this. More cost effective for taxpayers as well as making our city more beautiful. Thank you, staff for telling us more about this. And finally, not at all least, the volunteers, and in the watershed council, the friends for trust for public lands and other community partners, as scott -- fogarty said, we're not just planting trees. And swales.

Fritz: We used to call them vegetative ditches. But they're swales. We could hire people to put the trees in but then you wouldn't have the joy of struggling on a saturday morning to get -- joyful things which does, not only build a sense of community among the 10 volunteers who might be helping with planting that tree, but it makes a beautiful street and an keep going back to my trees and make sure that they're doing all right because you take ownership of our community and that's part of what this program does. Thank you very much. Aye.

Fish: First, mayor, I would like to correct a grievous oversight in this body since we have a honored get here. Commissioner Fritz neglected to introduce. Amanda's mother is sitting in the back and we should welcome her to our council proceedings.

Adams: Hi, how are you? [applause]

Fish: And we had the pleasure of spending time together. She joined us on a tour of the columbia slough. Welcome again. I'll echo what's been said about this. I think it's a model presentation to you and your staff. Both the power point and the backup material. Very clear and dan, congratulations on your continuing leadership and I will echo what dave mcallister said. At parks, we're proud of our partnership. Parks and bes has had a long-standing and very effective partnership working on these things, particularly around protect the best and the tree canopy and the land acquisition strategy. Aye.

Saltzman: I think it's illustrated today that the grey to green initiative is not only about building more green infrastructure, restoring health to our watersheds and helping nurture a burgeoning ecoroof industry, it's really about partnerships and meeting challenges and making sure that equity is a factor from the start and i've been

November 3, 2010

heartened by the presentation today. And I know there's a lot of interest in what we said about ecoroofs. Those are teasers, because we'll be back in february with a more comprehensive -- about 30 points for equity in the rfp and what's going on there. We'll save that for february. But I want to close by thanking our partners and thanking danella and dean and all of the others who worked hard with agencies and partnerships to help us on ambitious objectives. We have a ways to go but with this council's support and community's support, we can get there. Thank you. Aye.

Adams: I want to thank commissioner Saltzman for continuing forward and seeking to exceed the initial goals of grey to green. I think that's fact and a great accomplishment. I had the opportunity -- I looked forward to the briefing in february. I had an opportunity when I went to toronto to include in the business legislation, a had local green roof. Contractor, provider, material, they've got real innovative materials they're selling around the world and they got their start and hands-on experience here. So they're a firm based in camas, Washington, which I count as part of the greater Portland region and they certainly do. And there's a lot of value added here that is becoming parent as we move forward. The least of which is the social equity. And I want to congratulate commissioner Saltzman and the bureau for embracing that from the very get-go. It's really fantastic. And we'll show it off more in the coming months. Aye. [gavel pounded] report accepted. We have a time certain at -- which we're running late on. Please read the item for emergency ordinance number 1420.

Item 1420.

Adams: Commissioner amanda Fritz.

Fritz: Thank you, mayor Adams, and welcome to our honored guests. I'm asking the council today to approve centurylink's purchase of qwest -- the action has been recommended by the mount hood regulatory commission. I'm turn it over to the director of communications and fracture management.

Mary Beth Henry, Deputy Director, Office of Cable Communications & Franchise management: Thank you, commissioner Fritz, mayor and commissioners. I'm sure many of you have heard that centurylink is proposing to acquire qwest which operates in 14 western states and is Oregon's dominant phone provider until 2007, the city of Portland approved a cable tv fracture with qwest, which was never built. Today, we're here to ask the city council to approve the transfer of this inactive cable tv fracture to centurylink. The mount hood regulatory commission and staff feel that the process aspect of competition is very important and our neighbors in east Multnomah county and Washington county both enjoy competition in the cable tv arena. If centurylink moves forward to deploy cable tv as elsewhere, it will provide a much-needed choice for our citizens and good for the local economy. There's a broader conversation taking place on the state level concerning the telephony and broadband components. If approved, the new company will have nearly one million phone lines in Oregon. For the puc to approve the deal, it must determine the sale will not harm customers and ensure the customers are not harmed, the puc is likely to require conditions. It's expected to announce its

November 3, 2010

description in January. To present additional information about CenturyLink and its plans for the future, we have Terry Beeler, Western Region President for CenturyLink. Vickie Vice President for Broadband. The Internet Protocol, TV expert. And Judy Pepler, you know Oregon Qwest President and I'll be happy to answer any questions.

Adams: Are you staying on?

Judy Pepler: Thank you, Mr. Mayor, members of Council, no, I'm not.

Adams: Why not?

Pepler: After 23 years, I'm ready to do something different.

Adams: Slacker. Just kidding, thank you for your fantastic service. Hopefully, you'll be able to stay around? Are you looking?

Pepler: We'll see.

Adams: If you don't know, Judy has done a fantastic job in her position as the leader of Oregon Qwest. Active in the community. And so I wanted to thank you for that great service.

Pepler: Thank you.

Adams: Do you have a presentation?

Terry Beeler: Yes. Mayor Adams, my name is Terry Beeler, the Region President for Western Region. Members of Council, thank you for your time this morning. I've been asked to provide an overview of our company, CenturyLink, what the benefits might be to the consumer base in the state. The company overview, we're a well-respected operator and acquire like -- incumbent local exchange carriers. Our company has a track record of being a local value-added service provider and our customer service model focuses on empowering our local employees and management team to understand and work in their markets and aggressively evaluating new technologies and services in order to be a strong competitor in the telecommunications industry. This map you see in front of you is the current CenturyLink map. These are the states we serve and the areas we serve. Highlighted in green. The yellow lines you'll see are our fiber network across the United States. I have a map later on that overlays the Qwest properties on top so you can get an idea what the new company might look like.

Fritz: What are the gray areas?

Beeler: Those are areas we don't currently serve. CenturyLink currently does not serve. The strategy mission is to successfully complete the integration and merger of our recently -- markets and intensify customer revenue and retention efforts and invest in and develop new products in related business initiatives. The next slide is someone of what of a eye chart but the thing I would like you to take away, we have what we call a local operating model. Which means we put leadership in the markets we serve. Those decisions for that market are made by those people that run those markets and we a fairly flat organization in that you'll see the chief operating officer, who my boss. So we believe that in order to operate a market successfully, you need to be a part of that market and live in that market and understand the challenges are this in a market and thus the reason we've adopted the market and the model we have.

November 3, 2010

The next slide shows you the current centurylink model in operating regions. I'm responsible for the western regions and the rest of the states are split up. We have five regions currently and 21 vice president and general managers that reside in these markets, again, the pushing the decision making process closer down to the customer. The qwest acquisition, i'll touch briefly on that. The transaction structure, it's an all-stock combination and valued at \$22.4 billion. There's no new financing or refinancing inquired and we have regulatory approval. Some we have and some we're waiting on. And we did get the endorsement by our local unions to adopt the deal and we expect still to close the deal, hopefully the first half of 2011. The new company, I told you, there was a map that really shows the overlay. One company to the other. As you can see, a net -- we like to call it a national breadth and local depth. We operate our markets with a level flavor and touch and you can see that qwest obviously, weighted heavily in the western part of the united states and we have some -- heavily in the western part of the united states and we feel this is a good fit for our company. This is what the regions will look like. Three of the headquarters have been identified and announced. Three have not. You can see -- the one you're most interested in is the northwest. So you'll have idaho, Washington, Oregon, and a few customers in california that will be led by brian stasing. Then the southwest region is nevada, new mexico and arizona. And the rest you can also take a look at look at -- peruse it at your leisure.

Saltzman: Did you say the northwest location has yet to be determined?

Beeler: It has not been determined at this point. That one and the southwest region, and the -- which one? The midwest region have not been identified or announced yet.

Leonard: Didn't I also hear you say --the decision makers will live in the communities they serve?

Beeler: yes yes

Leonard: How would idaho and Washington be part of the market of Portland?

Beeler: The regional headquarters will be announced at -- the regional president and support organization will reside there and each of the individual market, there will be a vice president and general manager -- multiple, that will run the day-to-day operations.

Leonard: How is Portland identified?

Beeler: Portland will have at least one vice president and general manager that will reside in the city and responsible for the day-to-day operation. Minimum of one. The next slide is really just an overlay and a print of centurylink and qwest properties combined. We'll be serving a majority of the state. A number of employees, total somewhere around 1315, give or take. And you can look at the number of access lines will be right at 900,000. A little over 900,000. So the management team that will be put in place, that is in place, the chairman of the board is bill owens, who is a - - bill owens. And glen post, a centurylink ceo currently. Chief financial officer, stewart ewing. And chief operating officer, karen pucket, who is my boss. Will remain in that position. And chris out of denver will run our large enterprise markets

November 3, 2010

and then the board members, you see are made up of different people, from both companies. So the last slide, customer benefit, increase capabilities for customers. A robust national fiber network which positions our company for greater customer reach. More diverse and customized product offerings and a stronger database long haul competitor and -- expanded community offerings and increased prominence in enterprise in government broadband markets and our model is to be part of the markets we live and work here and understand them and take care of our consumers in a way I think we've proven we're able to handle. And then the financial strength and flexibility, the merger of these company, the acquisition of qwest, it provides for a sound capital structure and will support the ability to take advantage of new opportunities as they come up in the market.

Leonard: So if a customer has an issue and they call your call center, where is it located?

Beeler: We have multiple call centers. All of them have not been identified, but qwest has call centers across the united states and we have them across the united states. And we have one currently in medford, Oregon and in multiple locations.

Leonard: Any call centers outside of the united states?

Beeler: We do outsource some -- well, I say "we," but i'll let judy speak for that. Century lynch doesn't have any but qwest does. They're being evaluated.

Leonard: There's a chance they would no longer exist under your management

Beeler: There's lots of information that needs to be evaluated before we can make that determination.

Leonard: If you're goal is to be community oriented.

Beeler: I understand.

Leonard: It's nice to have a call center at least in the western half of the hemisphere.

Beeler: I support that recommendation.

Fish: Can I ask a question? Once this is completed, how will it impact the rates that people pay here in Oregon for service?

Peppler: Commissioner Fish, the rates are -- we're going to continue to operate under our alternative form of regulation and the rates will not change.

Fish: Thank you, judy.

Saltzman: Where's centurylink headquartered?

Beeler: In monroe, louisiana and they'll continue to be located in monroe, louisiana.

Adams: Why monroe, louisiana?

Leonard: Why not? [laughter]

Beeler: Have you ever been there? [laughter] I can't answer that. That's the decision -- that's where our corporate offices are located. That's where the company was founded, 75, 80 years ago, so under this next acquisition. We'll continue to be located --

Leonard: In this climate in 2010, i'm more than happy it's in monroe, louisiana.

Fritz: Thank you very much

November 3, 2010

Fritz: Thank you for coming.

Beeler: : Thank you for your time.

Adams: Thank you for your presentation. All right. This is an emergency ordinance.

Adams: Anyone signed up to testify?

Moore-Love: Would vickie -- want to speak?

Vicky Callen: No, I was just here to answer questions.

Adams: All right.

Moore-Love: I think we've got everyone who signed up.

Adams: Anyone who wishes to testify on emergency ordinance 1420? Seeing none, Karla, please call the vote.

Item 1420 roll.

Leonard: Well, I think some of my questions might have betrayed another, since I have -- excuse me, mayor Adams, spoke to, i'm sorry to hear judy is leaving. She's become an integral part of the community since before -- well before I was on the council and a person I looked to for advice in the business community and been an outstanding member of our community and i'm very disappointed she's leaving. I have to be honest with you and tell you you have a ways to go with me.

Beeler: I understand.

Leonard: With judy leaving. Aye.

Fritz: Thanks again, mr. Beeler for coming and all of you for your presentation. I agree, thank you, judy for your service to the city and exemplifying, very much a part of the city and look forward to your company doing that. And hope you'll consider us a headquarters and call center, we've got lots people who would do a great job and wonderful places to live in the city of Portland. Web can talk about that later when we meet, a little more. Thank you to the cable office and the mount hood regulatory commission and our partners across the Multnomah county who have reviewed this carefully and believe it's in the best interests of the citizens of Portland we provide this option and this competition. Aye.

Fish: I want to build on something that commissioner Leonard just said. I'm going to forever call commissioner Leonard landslide Leonard -- [laughter] something about judy which I hope is part of the corporate culture of centurylink, she's been engaged in the community as the chair or board member of multiple organizations benefiting Portland and the region and we hope whoever is the vice president here could carry on that tradition of deep name in the community and not work related but benefit the broader community. And i'm thinking there's a silver lining in this. Because I know how much you like to be on your boat. You can spend time doing another passion. Thank you to judy peppler for herr service and welcome centurylink to our community. Aye.

Saltzman: I welcome centurylink and will certainly approve this franchise change but wanted to add my accolades to judy peppler, who is so identified with qwest that oftentimes by mistake, I called her judy qwest, not to her face. [laughter] judy's been an outstanding citizen of our city and really takes her job seriously and the employees

November 3, 2010

she oversees. But as has been said, she had been a real outstanding member of the wider community. Particularly the business community and I just want to appreciate her support back in 2002 for the first run of the children's levy. At the time, the Portland business alliance was still -- hadn't quite existed. Is we had the chamber of commerce and the association for Portland progress but meeting jointly on legislative or ballot measures and I know if it hadn't been for Judy's support of the children's levy, it could have drowned, why the city and not the county? All of the things you hear about ballot measures and she helped to get the organizations to endorse it and I think that had a lot to do with its ultimate success and success in renewal. And thank you for your outstanding leadership and I hope that CenturyLink will live up to that standard and bar in terms of commitment to our community and employees. Thank you. Aye.

Adams: Welcome to Portland. We expect to see you around. [laughter] aye. [gavel pounded] so approved. Please read the item for non-emergency ordinance, number 1421. Plans.

Item 1421.

Adams: Commissioner Nick Fish.

Fish: I'd like to invite board member David Wynde, today, I'd like to welcome the distinguished board member, David Wynde and his team to council to speak about the new strategy agreement between Portland public schools and Portland parks and recreation. One of the strongest and longest and most important relationships between the city of Portland and Portland public schools is with Portland parks and recreation. And since 1957, we've been working closely together. Portlanders depend on this close working relationship between public schools and parks. After all, we share buildings, playgrounds, tennis court, athletic fields and jointly manage interdependent programs. On the Portland public schools side, Portland parks and recreation golf courses and swimming fields and fields for games and parks adjacent to schools for physical education and recess. On the parks side, recreational team practices and younger aged, and gyms for youth basketball. Some community schools and not only do we share facilities but a mission and a commitment to the health, education and safety of our kids. And families across Portland. The creation of this enough collaboration agreement represents a watershed in our long working relationship. Frankly, in a climate where public trust in government is strained, to put it politely, we can offer this agreement as a model of two governmental entities working together and smarter. This agreement strengthens all prior agreements, consolidates all of our agreements and establishes a new strategic management committee that will guide current and future ventures between our two organizations and the people we serve. Putting this agreement together was hard work and I'd like to acknowledge the people that are responsible for the successful conclusion of the agreement. Marla Mock, the community relations project manager. Tony, the director of facilities and asset management. Carey Hampton, property manager and a number of other senior management and legal advise he is, including C.J. Sylvester. From parks and recreation. Lisa, our workforce and community alliances manager.

November 3, 2010

And zalene nun, the assistant property and contracts manager. It's my honor to introduce my friend and partner, Portland public schools manager, david wynde.

David Wynde: Thank you, commissioner Fish, mayor Adams and members of council.

Wynde: I am thrilled to be here today to support this agreement on behalf of the school district. I have been on the school board for just over seven years now, and one of the things that is characterized in that time period is a continuing deepening and improvement of the working relationship between Portland public schools and the city of Portland. It's been a positive development on a number of fronts and this is just the latest manifestation of us working together for the betterment of the citizens of Portland. The history of collaboration, that commissioner Fish has outlined is testament to the importance and value of working closely together, schools and parks of co-located facilities since the first school building boom of the 1920s and to the extent there's a school building boom in the early part of the 21st century, it's important we work together to better serve children and families in Portland. On a personal note, I was thinking as I came up here today, at the risk of straining a metaphor. Today is my 20th wedding anniversary and the idea of thoughts of collaboration and partnership and improving relationships are at the front of my mind. I don't want to strain that metaphor too much, I do think the closer working relationship between parks and the school district, that the positive aspects of that mirror the positive aspects of a good marriage. I'll leave the metaphor at that. I think that the key opportunity that this really provides is for both of our jurisdictions to work together proactively on issues that are of importance to children and families in Portland and not just on an ad hoc basis and not just when we need to, but to be thoughtful, intentional, deliberate, and innovative about how we use our facilities, your facilities and what are really all our facilities and we do that, as a say, for the betterment of the children and families in Portland public schools jurisdiction and the city of Portland. So the board of education unanimously approved this collaboration agreement last week, which in the current environment is testament 0 to how much we value this. We don't always approve things unanimously, but we were in endorsement of this and I heartily recommend it for your approval as well.

Fish: Thank you, david. Either one of the members of your team want to add anything? Thank you for joining us. Lisa, do you want to add a remark? Mayor, questions or comments from our colleagues.

Adams: Any discussion.

Fritz: I have a quick question. Why is this just with Portland public and not parkrose and the properties of riverdale and other districts in Portland?

Fish: This is intended just to consolidate -- with one school district and does not preclude us from entering into other agreements with other school districts. Each district has a unique set of needs and characteristics and it was a big challenge just is to resolve the issues with one district but it's our expectation to have similar agreements with our four districts.

Fritz: Thank you

November 3, 2010

Leonard: And there's a different dynamic with the other school districts given the decline in enrollment in Portland public schools and what you find, i'm sure -- are not necessarily welcomed surplus properties, for example, david douglas had an expositive -- an explosive growth.

Wynde: I think that's probably true although i'm happy to clarify the enrollment in Portland public schools, the enrollment has leveled off and increased in the last couple years. And in the size of the organization, if you're a school district with one high school and a handful of other schools, then formal collaboration is not as necessary as it is when you are much larger and it's easier to work together when things aren't as complicated but I can certainly understand the value of similar agreements with other school districts.

Fritz: I like this one in particular since it establishes a foundation that you don't then have to continually get intergovernmental agreements and other payments going back and forth. This will be more efficient and sets the stage. Thank you very much for all your work.

Saltzman: I'd just like to add my support for this approach, the comprehensive agreement. Since I have a school board member here, I did not only want to wish you happy anniversary but I'm just curious if you could update us all on what the thinking is of the board and the superintendent about the marshall high school property, particularly any discussions with david douglas perhaps about marshall filling a role in relieving it's overcrowding. Just in general if you have a chance to think—if you're ready to share with us—you don't have to. Thought I'd ask since you are here.

Wynde: The primary focus at the moment vis-a-vis marshall is on a robust and successful transition plan for the students and staff currently attending school on the marshall campus. We -- the superintendent is about to announce a proposal for capital activity for the school district, and we will be very thoughtful and very careful in what use we put to the marshall campus right now. There are some programs that will continue to operate on the campus. We have had -- the district had some conversations with david douglas about their possible interest and, at this point, they've indicated that, for financial reasons, hair not interested in the use of that or a deeper partnership, vis-a-vis that building. But I think we will continue to be as innovative, imaginative, and flexible in the way that we approach that as we can be.

Fish: If I could just amplify that, because it's something that a number of us have discussed, it does fall within an urban renewal district and, to the extent there is a way the city has indicate inside the past its desire to help david douglas, whether through a satellite district or some other vehicle, as the parks commissioner, we're interested in the site for potentially siting a ball field that could be used for the community, regardless of which district actually is leasing the space, so there might be a creative model of collaboration here between you where the city could help with some of the financial costs. But I think that's something that we'd be very interested in discussing. I would like to just -- because we're not going to have you here next week -- acknowledge that the strategic management committee component of this agreement

November 3, 2010

is a very important piece, because it will allow us to get out front of problems as they develop. We have a process for resolving the muir yard issues that come up in a complex relationship like that. Also, for the benefit of my colleagues, I would not just acknowledge that increasingly this council has been less interested in who has the primary responsibility for delivering a service and more interested in figuring out how we can partner to do the job better, and there's a whole host of things we're working with the county on which are in effect revisiting resolution a and responsibilities that have been established historically, law enforcement, homeless services, mental health services, a whole host of things where this body is providing funding and leadership on things that are technically county responsibilities but we acknowledge are community concerns. In that spirit, I would not acknowledge that the council has made investments in ball fields which are either on school property or adjacent to school property which will have a tremendous impact on the lives of our kids, including roosevelt, buckman. We made investments in parkrose and soon grant. In addition, the last two community gardens that the city invested in were at madison and vestal so two schools along 82nd street that had benefit to the neighborhood. I think that's the model we'll see more of. How we can work together to advance the interest of the kids that you serve, recognizing that each of us have strengths we can bring to the table, so we really appreciate your hard work in getting this agreement concluded. It was not easy, and it required a lot of legal work, a lot of conversation. Lisa, thank you for your patience and your diligence in shepherding this to a satisfactory conclusion.

Lisa Turpel, Portland Parks and Recreation: It was a pleasure.

Saltzman: Thank you for that insight, but also I just wanted to thank you and the members of the school board and the superintendent. You have very tough jobs, and I appreciate you getting the job done. So I just appreciate all your hard work. And thank you, lisa, and the rest for this.

Adams: We're in discussions with the superintendent around a number of issues including facilities and programs and tax increments, any other superintendents in the city as well. So a lot of moving parts, as many of them moving forward as we can push. Thank you all very much. Moves to a second reading next week unless there's somebody here who wishes to testify. All right. Moves to a second reading next week. Please read items 1422, 23, and 24.

Item 1422, 1423, and 1424.

Yvonne Deckard, Director, Bureau of Human Resources: for the record, my name is yvonne deckard. The first item, 1422, is the ratification of the dctu contract. The dctu did ratify the tentative agreement with their members on the 29th of october. At the table with me is liz waddle who acted as our chief spokesperson, doing regular negotiations, and our second chair who picked up the slack when liz wasn't there, and I think they made a very good team for the city. We bargained with this unit for approximately 160 days in order to try to get a successor agreement before we entered into the dispute resolution phase. During that time, liz and julia were actually able to get about 13 tas over the whole contract. We did go into mediation on

November 3, 2010

september 23rd and actually had three mediation days, and we actually signed a tentative agreement with the dctu on october 5th about 6:00 in the morning. I think that the thing that the dctu and the city should be commended for is the fact that the mediator actually announced to us around 10:30 that he would be leaving at midnight, and we chose to actually stay at the table and not let this go to see if we could get a tentative agreement even though the mediator was not able to continue with us and we were able to do so. I think that that has been a good step in building some trust and hopefully helping us to establish a new relationship between the city and the dctu.

Some of the highlights of the agreement are this is a three-year agreement. There's zero cola increase in the first year of the agreement and floor of 1% and a ceiling of 5% in years two and three. We were able to actually accomplish -- we had some pretty important and critical issues that we were working with while negotiating for both the union as well as the city. On the job security, which is the contracting out article, we were able to reach agreement whereby work that had been previously contracted out, work that is proprietary, and work that is under warranty that we agreed that the city will continue to do that but that we will actually provide notice to the dctu on a quarterly basis, and we worked out a notice criteria that we both could live with and that I think is good for both parties.

Saltzman: So items we have under warranty, parking meters was one of the items. Anything that's like that that has as part of its maintenance agreement a warranty agreement that we use that cost service technicians is preserved?

Deckard: Correct. But we will give notice to the union, and I think that's the right thing to do. But we will continue to honor those warranties. On article 9, the overtime issue, we did preserve the eight-hour day. When we are looking at work that is mandatory overtime, we will continue to follow the contract on the status quo. However, if work is voluntary or what we call noticed, that employees get at least a 24-hour notice and can sign up for the overtime, that they will receive that overtime after they've worked 40 hours, not include protected sick leave.

Saltzman: We actually, under schedule a -- the city had not increased this premium since 1984, so we moved from 40 cents premiums throughout the contract to 80 cents premiums, and we added some additional premiums that I feel are mutually beneficial to both the city and the union. The parties agreed to add approximately 40% of the dctu bargaining employees, and that will be implemented july, 2012, and it will mitigate the cost for the city. Most of these classifications were classifications where we were under market, and there was a couple where traditionally they had not grown at -- we had lost position in the market, and those are classifications where employees do not receive premiums, and they've lost and continue to slide within the market. And so we included those also. On article 11, which is working out of class, the parties agreed that, if dctu employees worked less than an hour, they would only be paid for an hour of work out of class, and that's a departure from anytime that they spent working out of class they would be paid four hours. What we found with most of the bureaus is that employees who worked an hour usually worked up to four hours, but there's a large number of people who didn't meet that hour threshold, and

November 3, 2010

so the union agreed they should only be paid for an hour, a tremendous savings for the city. I think, on the overtime change, the city will be able to save somewhere between \$500,000 and \$600,000 a year. But I really believe that the work out of class will be a larger savings for the city. We did give this unit the day after thanksgiving. And I really believe that those are the major issues. We did have some issues as far as reporting to work, and that is when people are being called back to work. The city's practice was all over the board, and so we actually solidified that. When the employee received the phone call, that's when their pay begins, and they would report to work. When they leave work is when their pay ends. So I think that those are most of the major changes in the contract. We did have a lot of housekeeping and cleaning up, and so I believe that this is a very strong agreement, a workable agreement, for both parties, and I recommend that council adopt or ratify this agreement.

Adams: Questions from council?

Fritz: To clarify, the day after thanksgiving being a holiday was in exchange for not doing the 0.7% cola increase that otherwise employees would have been entitled to. Do we know the overall savings for not paying that?

Deckard:: Citywide, it's about \$10 million. And then I believe that probably, for this particular unit, that probably equates to close to three.

Fritz: And \$10 million citywide is a significant savings. How much across the rest of the city?

Deckard: Zero.

Adams: Further discussion

Saltzman: How does giving an extra holiday equal zero?

Deckard: Well, we pay employees if they are on vacation or if they have a holiday or if they work, and so their salary doesn't increase by giving them the day after thanksgiving. If they had taken vacation time, it's the same pay. Or if they reported to work, it's the same. So there's no additional personnel cost for the city in order to give the day after thanksgiving.

Fritz: There is a little bit, though, in the public safety bureaus, the 24-hour bureaus where, instead of giving an extra day off, we're doing extra premium pay. That is correct? In the bureau of emergency communications and police.

Deckard: I don't believe we did. We're not done with police. We don't know what we're going to do there just yet. But I believe that for the 52-hour a week people, we did not give the day. We did not extend this. For the 40 hour a week people, we did. Boec, it becomes more like a floating holiday so that, because it's a 24-hour operation and we have to keep going -- actually, no. We did a premium because we actually didn't want to keep people working.

Fritz: It's still \$10 million savings greatly outweighs the cost.

Deckard: Right. But there is no cost.

Saltzman: Despite whether it has a net zero cost to us, the extra holiday day the day after thanksgiving, while practiced by many employees, public and private alike -- I know it's one of the days that is probably least effective when we are working in city

November 3, 2010

government, but nevertheless that's kind of been sort of one of the lightning rods that the public reacts viscerally to, so i'm curious, if you are own words, if you could just tell us -- and I think you've already said it in your formal statement, but tell us what is it about this agreement that makes it worth granting the extra holiday.

Deckard: Well, I believe that the union made quite a few major concessions in order to help the city save money, and that goal moves us towards being able to manage our personnel costs, which is about 60 to 70% of our overall budget. The savings that -- the extra holiday won't cost the city anything, but the savings that you gain with concessions on overtime and the concessions that you -- the moneys that you save with concessions on work out of class, as well as zero cola, definitely far outweighs granting an extra holiday.

Saltzman: thank you

Adams: Thank you all very much. I want to thank you for your great work. Your creativity and persistence and persistence. [laughter] so thank you. Is anyone signed up to testify?

Moore-Love: No one else signed up.

Adams: Anyone wish to testify on these matters, 1422, 23, 24? All right. These are emergency ordinances. Can you please call the roll?

Linly Reese: Mayor, i'm sorry. Was there an amendment? Has that been moved yet?

Adams: Administrative move the amendment, exhibit a.

Fish: Seconded.

Adams: Please call the vote. Thank you.

Item 1422 roll.

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

Adams: Aye. Amendment is approved. Let's proceed with the vote on 1422.

Deckard: 1422 is amending --

Adams: We already did it. We're done.

Leonard: We're voting.

Deckard: Oh, i'm sorry.

Adams: We're all good.

Leonard: I do want to acknowledge the very hard work both sides brought to the table, yvonne deckard, her staff, ken allen and his staff to reach truly a compromise. It was not as obvious as it might appear now that one could be achieved given the issues at hand. So having done this kind of work an entire life, I understand how stressful and difficult and time-consuming it is, and it requires a lot of patience, so I appreciate all the work that you've done. Aye.

Fritz: Thank you to all the negotiators from human resources and from the labor union for this contract, and it was definitely a lot of discussion, and i'm pleased to hear that you did go through the night without the mediators to get to this agreement.

It shows that there's a level of trust that had been developed over the course of the program that you could do it, and indeed you did. The cost of living agreement and the other settled contracts, they run for three years, and not doing the cost-of-living increase for the year we're currently in saved \$10 million. That is significant savings

November 3, 2010

for the taxpayers. Another of the pieces that i'm particularly glad to see is that a market survey will be completed to determine where compensation is below market, and that will be used in the next round of bargaining. As we conduct that study, I believe we must factor in private sector salaries as well. I think we need to make effort to check on what the market factors are and particular in the gain in sick time and overtime. That was very hard negotiated. We've gotten to the place where it's common sense. Yet, if you work more than eight hours in a day or you're required to work overtime, you're paid overtime. Indeed you need to work 40 hours before you get overtime, and I am very pleased to get to that step. Thank you to everybody who is involved in this. Aye.

Fish: I want to begin by acknowledging all the represented and nonrepresented employees who serve our city. We are very fortunate to have dedicated people working in very challenging times. Frankly, as we keep trimming our budgets, we are in effect asking people to do more with fewer resources. I want to acknowledge that we appreciate the hard work and effort. We are blessed to have a very dedicated workforce. In this agreement, in my view, we have struck a balance. It recognizes that we both have to make sacrifice during tough times but that we also want to have fairness in how the relationship moves forward. This would not have been possible, though, without a lot of dialogue. As commissioner Leonard alluded to, very diplomatically, some of the challenges much getting to the end, it is a testament that people stayed at it and had dialogue at the table, and it starts with you and your team, and I appreciate the way you kept the council together as we developed our priorities and made sure those priorities stayed on the table until the very end. Also ken allen and others who have worked so hard on behalf of the represented workforce to represent their best efforts and to fight for fairness on their side. And I think this balanced agreement with the shared sacrifice is a testament to two sides in good faith trying to get to the right outcome, and ate lous us, during very perilous times, to continue to provide a high level of services to the public while also treating our employees fairly. So I thank everyone for their hard work. Aye.

Saltzman: Well, negotiations are give and take and learning to live with what works for all sides, and I want to thank our bargaining team, yvonne, liz, julia, anna and others. Thank you. And also thank you to the members of the dctu bargaining team. What really gets my yes vote on this is in exchange for the day after thanksgiving being a paid holiday is the reforms to the overtime. When I first learned that we are paying people overtime based on 40 hours paid versus 40 hours worked in a week and it was costing us some 3 to \$4 million a year to do that, that had to change, and I made my marker early in that. That was a litmus for me to support this agreement. Indeed, while we didn't get everything, we did in the practice of using sick time towards overtime or sick time counting towards the 40-hour week and then qualifying for overtime. As you said, that will save us \$600,000 a year. It's not the whole enchilada, but it's a start. I want to thank both sides for that agreement, and i'm pleased to support this agreement. Aye.

November 3, 2010

Adams: Having thanked our great team, I want to also thank everyone on the labor side of our partnership. The opportunity with this agreement to save \$10 million -- around \$10 million a year going forward is significant. It has helped close our budget gap, and the other reforms that have been mentioned by my colleagues are equally important. It wouldn't have come about without your creativity and your persistence as well, so I want to thank you for that and look forward to working with you all moving ahead. Aye. Please call the vote for the next item.

Moore-Love: 1423.

Adams: Hi, everybody. Where you from? I hear the kids from that school are the smartest in the whole state. That is true?

kids: Yeah.

Adams: I thought so. Well, welcome to the Portland city council. We're glad you're here. Study hard. Ok?

Moore-Love: 1423.

Item 1423 roll.

Leonard: Aye.

Fritz: This is the recreation contract was our first one settled and I want to express my appreciation to laborers 483 for setting us on the right course early in all of our unions and particularly richard beetle who epitomized a good-hearted person who negotiates with us and advocates very clearly on behalf of his members. Thanks again to the human resources team for your work on this contract. Aye.

Fish: Aye.

Saltzman: Aye.

Adams: Aye. Please call the vote for emergency ordinance item 1424.

Deckard: There is one clarification that I need to make on that particular ordinance and that is as it relates to parking enforcement, recognized holiday issue. Title 16 of city code lists the official city holidays that exist during which parking is free.

Although we've negotiated the day after thanksgiving as an additional holiday for all of our employees, the fourth friday in november will not be a recognized holiday, and therefore parking enforcement officers will work the day after thanksgiving and will receive a deferred holiday. I just want council to understand that that part of the code has not changed with the changes here.

Adams: Please call the vote. Thank you.

Item 1424 roll.

Leonard: That's just too bad. It would be nice if they weren't around on that friday when we're downtown shopping. [laughter]

Deckard: Well, council can change it.

Leonard: Aye.

Fritz: We might want to clarify that. I think that will cause confusion for citizens onnoing whether that is a holiday or not a holiday.

Adams: It is not a holiday.

November 3, 2010

Fritz: So for this year, for holiday, it's not a parking meter holiday. But this is fair and equitable to our nonrepresented employees, and commissioner Fish made his usual eloquent speech about our public employees.

Adams: The word I "long."

Fritz: I am amazed. I had always been very impressed as a community organizer at how helpful city staff has been in my nearly two years as a city commissioner and even more impressed and grateful for the work that all of our city employees do for the represented or unrepresented, so i'm very pleased to support this one. Aye.

Fish: To my friend, randy, I would simply say, if you rode your bike downtown to shop rather than your hummer, you wouldn't have to worry about the parking fees that you incurred.

Leonard: I drive a hummer as often as you ride a bike.

Fritz: Nice one. [laughter]

Fish: Aye.

Saltzman: Aye.

Adams: The reason why we don't want free parking the day after thanksgiving is it means that someone can park in a city space all day long, and that has the potential to hurt downtown stores.

Leonard: If I could just clarify my point to that, I wasn't actually making it free. I just was suggesting we not have anybody enforce it. [laughter]

Adams: I don't even know what to say about that. Aye. Approved. Let's move to 1443 'cause we've got a bunch of people waiting.

Leonard: Is ken rust here or paul?

Adams: Let's do 1439 and 40 together. Eileen, are you here?

Moore-Love: 1434.

Item 1439 and 1434.

Fritz: One of the reasons that I pulled 1434 is that it's dependent on the 1439 passing for the funding mechanism. I had some other questions about it, too, but it's related to that overall borrowing.

Fish: Let's do 1439 first.

Eric Johansen, City Treasurer: Eric johanson, city treasurer. This item authorizes an interim financing amount up to 3.8 million to finance renovations to parks bureau maintenance facilities at flavel, chimney, dealt tax, and mount tabor -- delta, and mount tabor parks. Now, in the event that the parks bureau is able to gain approval of a future general obligation bond measure, the repayment of the balance of the line of credit may be included that bond authorization in order to free up those revenues for other maintenance projects. Should bonds not be approved in the future, the bureau will continue to pay the line of credit from those existing bureau revenues. Interim financing for those projects is expected to be in the form of a line of credit that we'll establish with a commercial bank through a request for proposals process.

Fish: I probably should have just teed up one piece of this. I want to explain to our colleagues that because of our decision to defer a parks bond referral, there's a number of very urgent needs we have in upgrading the working conditions of some of

November 3, 2010

our key employees. And frankly, if you visit the mount tabor yards or a number of other places, they are really in deplorable conditions -- deplorable conditions. We'd like to make improvements at the facilities for some of our parks maintenance crews.

There the four places we targeted. The intent here is to take our capital dollars through some bonding to generate the dollars we need to upgrade four locations. An example that I think sort of highlights this is that we'd like to get folks, for example, in delta park out of a trailer where they're currently working. Many of our employees in the mount tabor yards are currently working converted horse stalls with leaking roofs and other things which we think of very substandard. The goal here is as an interim measure to create some additional capital dollars to allow us to improve the workplace for some of our key people as an interim measure in advance of a capital bond measure. Eileen, do you want to add anything to that?

Eileen Argentina, Parks Services Manager, Portland Parks & Recreation: This sort of project would be of a smaller scale than what we'd be able to accomplish with the bond, but it does address high priority, sort of discrete projects that will allow us to upgrade maintenance work facilities at four different locations.

Fish: It has the additional benefit of being a kind of mini stimulus. We'll be able to put some dollars out, create some problem the jobs, have opportunities for some contractors. Most important for me, it will keep faith with having a reasonable workplace for some of our frontline people.

Adams: Any other discussion?

Fritz: We currently have an annual base of \$585,000 a year for major maintenance. Is that correct?

Argentina: No, it's not. \$950,000.

Fritz: We have \$950,000 in the annual maintenance. And so we would be spending 380,000 of that to pay the debt service for the borrowing. That is correct?

Argentina: That's correct.

Fritz: That's a lot of money to pay for borrowing up front, and my concern is we don't know if we're going to be able to pass a bond measure in the foreseeable future.

Why isn't this coming to us in the budget process? Because that is general fund money that will be then used to pay the debt service rather than actual maintenance.

Why aren't we considering it in the context of managing our entire budget?

Argentina: I want to just note that fred keller, our finance manager, is here, and he may want to come up to speak to this. These are major maintenance projects. These are projects that happen to be on maintenance facilities, not on facilities used by the public, so they are the kinds of projects that would typically be funded with major maintenance dollars.

Fish: We've also done these kinds of things frankly outside the budget process previously. This council authorized me in the housing bureau to get a line of credit to the tune of \$60 million for the loan program which allowed us to have additional capital dollars to put into preservation play. What we're proposing here is actually a garden variety financial transaction where we decide to take a portion of the dollars allocated annually, boost them by using them as the revenue stream to secure bonds,

November 3, 2010

and do some capital projects which frankly, if we did it on a normal timetable, we would be doing little bits and pieces which is very inefficient and doesn't get the job done. This allows us to have the capital to actually make the improvements now. Since this is part of our annual allocation towards maintenance, it allows us to take a portion and dedicate it toward the repair -- repayment.

Fritz: It's a little different, though.

Fish: Given the recent election results, I would not count on federal support for housing. Just one of the concerns I raised this morning, commissioner, about being notified at 8:30 that you want a council discussion is that, as you know, we pride ourselves to being responsive to commissioners that raise questions, and that includes individual briefings because we get the team together. There is nothing about this transaction which has raised any concerns among any of the folks at the city who have looked at it. Quite the contrary, we think it's a creative use of using our allocation to actually make some very necessary capital improvement, and the only reason we've eluded to the capital bond that we hope someday to go to the voters is to let you know that we can do it on a much broader scale than with 200 million or we can do it on a much smaller scale here by using our existing resources.

Fritz: This particular item is on the regular agenda, and it's talking about borrowing \$3.8 million outside of the budget process for projects which are not new projects. We know these projects have been coming along, so I'm wondering why it wasn't part of -- this projected borrowing wasn't part of last year's budget process.

Adams: If I could try to clarify, this is coming from an allocation that came through the last year's budget process. Is that correct?

Fred Kowell, Portland Parks and Recreation: That's correct.

Adams: Was the budget process spelled out in great detail or was this the act of spelling it out in greater detail?

Kowell: Two things happened. Fred Kowell. To answer your question with regard to the budget process, when we were in that budget process, we were also looking at a future bond, so we hadn't determined the timing of that bond. When we looked at aggregating everything that goes into a bond, then we decided to defer that bond. The budget process was already in motion. What that did was say to us, ok, there are some items that we really do need to take care of, maintenance facilities, that would have been in the bond that we can move forward. Anytime you issue that for a bond, you would usually issue the debt in sequences for the work that you could actually do. So what would happen was, if you could go a bond, it would be at two or three years down the road before you'd get something actually completed. One of the things was, since we were going to defer it, to answer your first question, was to use some of our general fund dollars that was allocated for general maintenance and to use some of that service to sort of kick start this process. So my answer is it came later in the budget process to where it wasn't included because we thought we were going to go for a geo bond at that point in time. So that's one. And the other piece is this really sort of kick starts some of the facilities that would have been included.

Fish: What's the risk to the general fund under this proposal?

November 3, 2010

Johansen: I think it's very little since the bonds are being repaid from an annual general fund allocation to the parks bureau. I think it's very minimal.

Fish: And we get an annual allocation, so how the bureau decides to spend that money is within the discretion of the bureau.

Johansen: correct

Saltzman: To the extent it has a budget process connotation, it would be, if your major maintenance fund -- if you came in and asked for 958 plus an additional \$400,000 to offset the amount of money that's being dedicated.

Fish: We're not asking for additional money. Let's be very clear. This is our allocation of our existing --

Saltzman: I'm talking about the proposed fy 11/12 budget. Are you going to come in with an allocation request that will be \$400,000 greater?

Fish: No.

Kowell: Our hope would be at some point in time to get approval of the voters of a geo bond and that we would use that to pay this off.

Fish: To be clear, we are not proposing and have no plan to come before council and ask for an additional appropriation to cover this. This is out of our annual appropriations.

Fritz: Thank you for the clarification. So the annual appropriation for maintenance is \$965,000. We're proposing to use over a third of that for interest payments instead of actual projects because we're going to borrow the money instead, hoping that we can pass an obligation bond within the next five years?

Kowell:: Correct.

Johansen: It's planned to be an amortizing line of credit.

Leonard: How much of that is principal and interest?

Johansen: I don't have the numbers in front of me. I'm thinking it's maybe half in the initial years and then a declining amount of interest over time.

Leonard: Is it the same as in the bond we're talking next, a 1-2% interest rate?

Johansen: Yes.

Fish: Just to continue that thought, we thought we'd take advantage of historically low interest rates and also historically low construction costs and hope to be able to do this well within budget.

Leonard: I would argue on projects like this one needs to look at what larger context. It's easy to isolate costs without taking them into context, but one needs to recognize that the dynamic the city has been benefiting from as a counter measure to all of the disadvantages of this economy is the historically low construction rates and interest rates, so I think it's opportunity to take advantage of that as well.

Adams: Any other discussion from council before this? I ask if anyone wants to testify and it moves to a second reading. Anyone want to testify on 1439? 1434, any discussion?

Fritz: I have some questions on 1434.

Adams: Go ahead. You already read it. Right? Ok. Thanks.

Moore-Love: I read both

November 3, 2010

Fish: Thank you, Karla.

Fritz: My understanding is this is amending a contract that started out at \$39,000, has been twice amended already, and is now going to provide an additional \$150,000 so that the cost of this contract is proposed to go up more than five times. Can you tell me how this came about?

Argentina: Yes. We acquired the flavel side about a year ago as a permanent site for two of our work units, park maintenance crew and also for city nature east. And at that time we knew the site needed some renovation, didn't know the extent of it, and we initially brought maryann barnes to do a sort of program with it with the expectation that we would continue to refine the requirements and then go forward with the design process that ultimately would require additional resources. What has changed since then is that, although we knew the site would need repairs, they're greater than what we expected, but more importantly the site is in the floodplain, and there is city code limitation on the amount of investment you can make in existing structures and the floodplain. Since the value of the buildings was quite low and the cost of repairs was relatively high, we weren't able to accomplish the kind of repairs we needed under city code. It's in the city's interest to be in accord with floodplain regulations. That additional design work is what we're asking merryman barnes to do.

Fritz: Why not out to bid?

Argentina: They have a great deal of familiarity with the site. There's also some urgency associated with this, because the site where these crews are currently housed, have which trailers outside, that property has been sold, so the crews will be disrupted for a period of time. I believe we want to minimize that interim site they're going to have to go to while we go through construction. We are at a point now where we will start to see a delay in the time in which they'll ultimately be able to be permanently housed at the flavel site. Merryman barnes is a women's business enterprise. Their rates are very competitive, so we felt as though city's interests and goals were addressed in their offering.

Fritz: I'm just thinking of some of the less than \$5000 contracts that i'm doing in my little bureaus where you have to get three bids just for that, and this is a huge contract now. It doesn't seem reasonable to me that we've just selected one of our 19 without asking others if they want to bid. I'm guessing that none of my colleagues have any concerns about this.

Saltzman: I share your general concern about small contracts not being out forbid. I know environmental services is as guilty of that as anybody. I think your point is valid.

Fritz: Let me rephrase what I just said. I'm assuming this is going to pass. What i'd like to do is vote on it and vote against it, and then you could move to reconsider and I would vote for it, 'cause it's an emergency ordinance, but i'd like to be on the record that I don't support it.

Fish: Mayor I call the question

November 3, 2010

Adams: Anyone wish to testify on 1434? And this is an emergency ordinance, so can you please call the vote?

Item 1434 roll.

Leonard: Aye. **Fritz:** No. **Fish:** Aye. **Saltzman:** Aye. **Adams:** Aye.

Fish: Mayor, i'd move to reconsider.

Leonard: That's against parliament procedure. Commissioner Fritz would have to move to reconsider.

Fritz: I move to reconsider.

Adams: I was going to get there. Did you move?

Fritz: Yes.

Adams: Seconded?

Fish: Yes.

Adams: Please call the vote on the motion to reconsider item number 1434.

Item 1434 reconsider roll.

Leonard: Aye.

Fritz: Aye.

Fish: Well, this is my chance to thank the team for their presentation, and I think, with the explanations all three of you have given and the closing remarks that you've given, while in a perfect world we might choose to go out and devote the next six months to another contracting process, given who's been selected, the amount of the amendment, the fact that we have a workforce that's going to be in limbo and the overall goals of the program, I think this is justified, and I appreciate very much my colleague, commissioner Fritz's concerns for how we do contracting, but from a public interest point of view, this one tips in favor of us succeeding as you suggested.
Aye.

Saltzman: I see this in my own bureau and and frustrated at the businesses that don't get a chance to bid, and I constantly ask my own bureau those questions when it comes up, and oftentimes they have good explanations. I think i'm willing to give the benefit of the doubt here, but I express it as a citywide concern we have about letting original small contracts sort of escalate without any competition on subsequent basis.
But I will support this. Aye.

Adams: Aye. So we will now reconsider the vote.

Leonard: I'm sorry. You just voted to reconsider, so we have to vote again.

Fish: I think you should rule commissioner Leonard out of order.

Adams: I'm just about to, but I know he means well. Please call the vote. We're now voting again on 1434.

Item 1434 roll.

Moore-Love: Should you be taking off the emergency clause?

Fritz: No.

Leonard: Aye.

Fritz: As for commissioner Saltzman calling into our overall contracts, there is still the question of borrowing the money to pay for it, but I know this is a very important project to get done. Aye.

November 3, 2010

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

Adams: All right. We are now ready to, I believe, go to 1444.

Moore-Love: 1443.

Adams: Sorry, 1443.

Leonard: Yes, 1443.

Item 1443.

Leonard: We're all of the age up here where we're supposed to go to our physician annually, and i've noticed, as I increase in age, there's a direct correlation with the number of doctors I have, and each one of them has various specialties which they want specific tests done, all of which includes trotting off to heaven the appropriate tester is and then one gets to test, and then you have to have an appointment and go back in and be handed a piece of paper to tell you the results and then have a discussion with that particular doctor about what you should or should not do any longer. Recently I was told that I need not do that anymore in the healthcare system to which I belong, that all of that information will now be online. So I had my cholesterol tested on monday, and monday evening I got the results. And not only did I get the results, which is great to know that I don't have to make another appointment, have another co-pay and take the doctor's time for him to tell me what the results are and what I need to do, not only was I able to get that day's results, I was actually able to look back to the date that I started seeing that physician to get all of the results and compare year to year how i'd done. It was breathtakingly simple and breathtakingly refreshing to know that I could not only do that but, if I wanted to ask the doctor a question about that, there was a little box where I could send an e-mail and he'd send it back and say, here's what I think you should do. You might wonder why i'm bringing that up relative to the bureau of development services, but that is exactly the kind of system we're proposing implementing at the bureau of development services with respect to how one in the future, if this system of computerizing our permits and inspection system is adopted, you need not go down today, as you do with a piece of paper with a permit to have five copies of a set of plans handed to a plan review person who then literally puts those plans in a shopping cart, takes it to the next group of reviewer whose review those plans on paper, ships those then ultimately to our archives where they're stored. When your project is done, our inspectors get a little note card that they fill up with handwritten notes reflecting the inspection they have done that day. And if the person they inspected wants to know what the results are of that inspection, they have to wait until those handwritten notes get transcribed at the department of developmental services. If you want to know the next day, you're just kind of stuck, and we've gotten those complaints. What we've talked about a number of times at the council including the vast budget session and other briefings is to not reinvent the wheel but actually to catch up with the rest of the building departments in the metro area and the state and united states who have adopted 21st century technology that would allow one to do all of those things I described much like one can do now with their physician online. You have to take the plans, reduce to paper, and hand deliver. You can do that all on

November 3, 2010

your computer, have that transmitted from wherever you are at in the world. And, believe me, there will be those who will take advantage of that opportunity and transmit them to the bureau of development services online. Your permit can be issued online. The inspectors out in the field will enter all of their notes as to the passage or failure thereof what's being built on handheld computer that will be immediately accessible by the property owner who can then begin to make immediate changes. It will allow the inspector in the field to know if something changed that day with respect to where he or she might be to inspect a particular project, all in all creating a much more efficient system from the users point of view, much more friendly from those who want to do anything from remodels a bathroom to those who want to build a high rise building downtown. So the effort of course is trying to figure out -- and we have the experts here that will explain this in much more detail than I am capable of, but the essence of what we've done is try to figure out now how to purchase that system that frankly candidly the state now has. How can we purchase into that system given we've had a historic drop in revenues given the state of the economy and, in particular, the construction industry which is now the bureau of development services funds itself. So if people don't get a permit to build a house or get a permit to build a building, we don't get the revenue, and people that depend on that revenue to have a job don't have a job, and thus we've seen over a 50% lay-off of real people at the bureau of development services due to that dynamic. However, believe it or not, this is the best time for us to purchase this system. And the reason, despite and notwithstanding the efficiencies it will create in the workforce, really has more to do in my view with the struggle that we would have to implement a system like this when we're at peak capacity when ironically we would have the most money in reserves to just purchase the system outright without asking the council to loan us the \$5 million we need to buy the system. This system will mean there will be less jobs, there will be the need for less city employees to produce the same amount of output. And thus I think the council would understand we would have a struggle negotiating those changes in collective bargaining agreements that would allow us to convert to this system versus this particular point in time when our partners in labor have said they welcome this system coming, because we'll have to hire people to start putting data into this new system. A lot of our costs are negotiated with people putting the existing data in hard files into this system. The council rightly was still concerned in the last budget process with the notion that the bureau of development services would borrow the money, pay the money back based on projections in the future budget years of increased activity in the building industry, so the council directed, in a budget note, this last time that we convene a committee experts to review the bureau of development services projections to indicate if we would be able to repay the loan that we needed to ache out that the council hopefully will authorize us to allow to us purchase the system and put it online. The group of experts came together and concluded that, in the most likely scenario, the financial picture in outgoing years, the bureau will be able to meet the debt service requirements that this loan will require at the bureau of development services. Even more importantly, in

November 3, 2010

the worst case scenario, the bureau of development services will still be able to meet its debt requirements to repay this loan. The office of management finance, in a memo authored by ken rust, who's sitting here, concluded that the office of management finance does concur with the recommendations and support there's request. So thank you all for the work you've done up to now. It has been really a huge task which included visiting other cities to make sure we were buying a system that in fact had been tested on the ground in other cities and, in fact, concluded that that is exactly the kind of system we're now purchasing.

Paul Scarlett, Director, Bureau of Development Services: Paul scarlett bureau of development services director. We are very excited and pleased and motivated to be back in front of you with a report that outlines the effort that's occurred since may when the council required us to go and do more research and more financial analysis. It is without debate, as commissioner Leonard has stated through his doctor visit scenario and/or operations that we are behind the times with our technology, and the focus of the technology improvement is quite frankly for our customers to improve the service that's bureau of development services provide with utmost focus and sincerity. Thought recession has hit us hard, we are still very committed, still very focused on providing the best service possible. We have a vision of being the best development services bureau in america. That has not changed. We're challenged, but we're not beaten. We'll continue to explore and implement new technologies and new practices. With that, we are here with a recommendation that has been endorsed by ken rust and the committee that was convened by ken rust that shows the projections in the next five years will be at a level that allows the bureau to meet its own ongoing financial obligations as well as repay the loan that will be necessary to purchase the new i.t. System. I do want to thank ken for the good work he's done in convening and facilitating the committee that met over a period of about five, six weeks. To my left is ken and, to his left, is eric hovey -- hovey, well respected economist and member of the committee. Denise klein will go over in more detail some of the financial work that was done. I think in part my hope is to provide you with a summary. You have a lot of good information in front of you. We have taken the liberty of outlining the presentation in terms of who will be speaking and what we'll be touching base on as well as provide you with a list of exhibits. We have a through h, I believe. That's a lot of exhibits. But those are supporting documentation, well analyzed and necessary to support the recommendations. Lot of work went into each exhibit and each document, so we've taken the time to provide an explanation of those exhibits. The part about efficiencies -- and commissioner Leonard touched on it -- the biggest efficiency we're seeing in terms of the future development of this project is avoided costs, which is essentially a savings. Other jurisdictions have been visited, and we've had extensive conversations with it. Efficiencies in digitizing, reduction in paper, sustainability practice as the city advocates, such as -- reduced mileage, those are not just promoted goals but they will be realized goals. We're pleased to be part of this process that will be trying to keep pace with our industry, provide services that we feel are necessary to be more

November 3, 2010

effective, more efficient, to promote our mission as being -- making sure a development is safe, livable, and contributes to economic vitality. Other members of what's called a track stakeholder group, that's the staff members that's part of each bureau that's involved in the development review process, and we have been using the track system for 11 years, since 1999, and most of the technology i.t.-wise is good for about 10 years. Applying for permit online will be a possibility. You're not able to do that right now. We have looked at the operational functionality, reviewed finances, incorporated a worst-case scenario. That is a projection over the next five years, the economic forecast will long with other variables indicates there will be a rebound in the year 13, 14. Even with the 5% reduction, it is shown that the forecast, along with the associated construction activity and related revenues, will allow the bureau to feasibly repay the loan that would be required to purchase the new i.t. System.

Saltzman: Thank you. What kind of reduction did we have in the current fiscal year?

Scarlett: Gross rate is at zero to 1%. Next fiscal year, anticipated 2% to 4%. With 5% reduction, we're showing negative, say, next year. Out years, 13, 14, 9% is what the state is forecasting. So 5% reduction is 4%. For example, the building permit program versus electrical, plumbing, those are different. With that, i'll turn it over to ken.

Ken Rust, Chief Administrative Officer, Office of Management and Finance:

For the record, i'm ken rust, the chief administrative office and director of office of management and finance. Good afternoon. As commissioner Leonard mentioned, there is a budget note in the current adopted budget that directs the ceo to convene a committee that are expert in develop and real estate activities in the region to look more specifically at the bar particular plan that bds had presented as part of the budget hearings for the acquisition of this new piece of software and the repayment plan that would require a line of credit as a financing tool and repayment over time. The concern at the time was really to make sure there was an independent review of the feesability of that and the ability to repay that over the scheduled term of a loan. We convened a committee to carry out that charge. Over the course of several meetings, we met with the committee members, reviewed their charge, looked at the models to prepare financial projections or forecasts and looked at different alternative scenarios that may occur over the timeframe that we are analyzing, and then we prepared a final report that the committee contain as its recommendations and its sense of work accomplished over the course of these meetings, and that's been provided to you in the packet. It's exhibit a. Overall, I would say omf concurs with the findings and recommendations of the committee that is before you. We do know, however, that the current climate and forecast backdrop is uncertain and that going forward, as any forecast needs to, we'll pay attention to what will happen in realtime as we proceed, and we would urge that caution as well a bds. We think that's something that's going to need ongoing monitoring. It's prudent. We certainly have the ability with that kind of caveat to manage the risks that are inherent in extending a

November 3, 2010

loan and having it repaid over the forecast period. Our current projections and worst case show the loan is repaid, but we would simply urge caution and continue to ask that bds monitor that. We would work with them to bring back information to make sure we're staying on course. If we need to make adjustments, we'll make the appropriate adjustments so we avoid a problem in the financial plan. That's a summary of the work we've done. I'd like to have eric hovey talk more specifically about the kinds of things committee members were looking at from his sense of the work that was done and some of the analysis undertaken.

Eric Hovee: My name is eric hovee. Our charge was to evaluate current and future development activity for the bureau. BDSs ability to repay the debt service requirements. Nick drum on behalf of the pdc small business advisory committee, jerry johnson, an economic consultant and also the author of a separate review of bds revenue forecasting in his forecast model, rick michaelson, who is a member of the bds development review committee, and gerald millman for the center for real estate, our bottom-line conclusion is essentially as commissioner Leonard stated. With what we've depicted as a worst case scenario, bds would be able to repay the loan by 2015.

It's fairly clear that the jury is still out on the economy especially as we look at the next two to three years. The tea leaves are still very difficult to read. I think the conclusion, though, that's mentioned in the report, if we don't expect significant recovery until 2012, 13, it may be as much as five years until we get back to some more normal pattern. The committee does note that there are some underlying fundamental demand that should reassert themselves at some point as financial markets work their way through issues still on the table. In the short-term, there's been a shift from larger projects to smaller projects. We would expect, while the emphasis will be on smaller projects, larger projects will begin to come into the market again. We supported the bds-prepared base case which johnson reed in their analysis termed as reasonable and defensible, and we would agree with that as a likely scenario. However, we also recommended a preparation of the worst-case scenario that provides basically for a reduction in growth, reducing it by five percentage points. That actually mean as reduction in activity of this coming fiscal year and then continuing that much slower growth pattern over the next four years. The primary difference, I would just note, is merely in the case of rehiring that happens within bds, and that in large part accounts for the ability to repay the debt. There was discussion about improvement in the bds forecasting modeling that has been tied to general economic conditions. I think one thing this economic downturn has made clear is the importance, especially from bds's standpoint, of being able to tie that forecasting model more closely. Not just the general economic development but more specifically to the real estate market, because it is clear the real estate and construction markets respond much more adversely than the general economy. A final note that is we encouraged the bureau of development services to really articulate what this information management system would mean in terms of bureau efficiencies, which have been talked about, but also emphasizing the benefits to the customer by going paperless, such features as auto messages. I want to commend bds

November 3, 2010

for the work they've done to really lay those out, showing that value to the customer vitally important as well as the savings over time to bds.

Fritz: Thank you very much for your work on the committee. In the report, you say that you consider the best case scenario the most likely scenario. Why?

Hovee: I'm not sure best case is appropriate. More of base case. There's been a lot of talk about a second-dip recession which I think the concession is there's a possibility but it's not likely. The worst case I think really is more consistent with that kind of second dip.

Fritz: What I'm concerned about, especially since it's unlikely we'll have another stimulus package given the change in leadership of the house. How does that affect -- I think your analysis was different than what we heard in our budget review. As you note, we're not likely to get a surge in the condo market or the multifamily for a while yet. How does what happened last night affect your advice?

Hovee: It's still a little early to know. I do think the base case in effect took into account the fact that the market has changed and is likely to be changed for some time, so those larger projects will not be coming back in the short-term. It's not reliance on that happening. I think the base case is still generally appropriate -- I think the base case is still generally appropriate. Especially on the side of employment, we're not going to see a quick reduction of unemployment, and I think that's built into or consistent with that base case. I would say that there's probably reason for more caution now as a result of election and the question about, well, what actually happens politically this next year? I think there's more caution, which I think making the worst case more important to have and also the ongoing financial monitoring is important. Not so much the question of whether we'll have some recovery but really the question is what happens if there's an unforeseen event that would come in externally in terms of another major debt crisis or financing crisis and would there be political capability to respond to that.

Fritz: Thank you.

Adams: Other discussions?

Denise Kleim, Administrative Services Manager, Bureau of Development

Services: Mayor and commissioners, my name is Denise Kleim. You can tell just from the discussion what a superior committee we had. There was lots of good, in-depth discussion about our models, lots and lots of grandfather advice that we received, and we are so appreciative of that. There's been a lot of discussion on how we put together our base case or most likely case and the worst-case scenario. What we did for this modeling was take the current financial model that we have. We updated it with the state projections. A lot of those are based on projections that come from global insights, which is a well-known international consulting firm that provides data for lots and lots of entities. So we used that information to come up with these projections, and we again think that they are very, very credible at this point in time. The big difference between the two models is that, for the difference between the two, it impacts how many staff we bring back, and that's because the most likely case scenario shows that construction will improve, will get more work in the door. We

November 3, 2010

project we would higher up to an additional 49 employees if we actually get the new system onboard. With the worst case scenario, then our hiring would be less because the work coming in the door would be less. So those expenditures are in the model. We're talking about 19 employees under the worst-case scenario. Under both, paul alluded to a 5% increase in efficiency, and randy was talking about less staff needed. Very conservatively, we're estimating a savings of about nine fte over the next several years. So a lot of the savings come from that, about 800,000 to a million dollars a year over the life of the system, which is about a 10-year life. That's about an average per year you would save in staff savings for bds. There's also savings in reduced maintenance cost, which about \$50,000 a year and other reduced cost, microfilming -- reduced cost of microfilming about \$195,000 a year that we're spending just to microfilm plans. So, in addition to staff costs, there's other cost savings, but most of the savings come from really avoided costs in terms of not needing as many people to push the paper around that paul had discussed. What we are planning to do is continue to monitor our revenues. We're monitoring our development services center revenues on a weekly, daily basis. We're monitoring our monthly expenditures and revenues, doing cost recovery each and every month. We're planning to continue that. I think that's what we'll need to do no matter what at this point in time. In february, we will be submitting our financial plan. At that time, we will have an updated financial model based on the information that we gathered from the committee. What we're looking at is putting in some real estate information into that model such as delinquency rates, charge-offs, around vacancy rates. Now, we have some data in our model now that has real estate modeling implied in it, so we have the housing price index, housing starts, mortgage rates, but we're in agreement with the committee that we should do more. We have already started that work to gather that data and information, and we'll be integrating that into the model, which is truly a major change in our model and a major, major undertaking. In the meantime, we've met and discussed --

Saltzman: Can I just ask a question? The budget note says that a new financial plan must be presented to council and voted on before expenditures are made. Are we in fact doing this backwards according to the budget note?

Kleim: There's a financial plan in your packet.

Saltzman: There is? Does it take advantage of the more sensitive variables that we all talked about plant hovey talked about, too, variables that are more real estate oriented? Or is the financial plan in those packets based on the same variables we've always used?

Kleim: Based on the model that we had submitted before, but all of the data has been updated. To undertake a new financial --

Saltzman: Which exhibit is that?

Kleim: It's in the committee report, and it's attachment a of the committee report, and there's a summary that's near the bottom. Table 1b. And what that shows is expenditures and revenues, and the very bottom line shows the cumulative reserve.

Saltzman: You say attachment?

November 3, 2010

Kleim: It's in your council packet exhibit a, attachment a.

Kleim: Exhibit a, attachment a. At the very bottom, we have updated -- if you look at the financial plan we submitted in January, this is an update from that, and so what this shows is the expenditures which we've updated and then also the bureau of revenues that are updated from more recent data from the state of Oregon and global insights and metro is what that is. And then we use that to share with the committee and get their expert advice on what the outcome of that model was, which you can see in table 1 on that same page at the time it has programmatic gross rates which do not include increases. Those are just what our model is showing us in terms of the percentage gross in each of these programs. So it's showing what the folks on our committee are seeing themselves where really no gross in fiscal year 10/11, some gross in 11/12, and then we begin to see more recovery in 12/13 and 13/14 and then a little slower growth in 14.

Adams: If employment isn't going to get back until 2015, an uptick in permits and the construction development and real estate industry is still unknown, just clarify that point. The other point is, worst case scenario, it takes longer for the system to -- for the proceeds to pay back -- for enough proceeds to pay back the costs of the system. I want to make sure I've got a sense of worst case scenario.

Rust: I'll take a crack at that. A couple things. First we talked about using some more -- trying to engage more direct real estate variables into the models, something bds will be doing. That might be helpful in being able to more accurately identify turn points. But when you're at the bottom or clearly you've gone through those turn points, I'm not sure that the current model doesn't capture that very effectively. We're thinking some of these variables might help identify those inflection points sooner, because clearly all models missed the economic downturn. I think there may be some helpfulness in that, but it actually might show a faster return of revenues, so it's not clear it would necessarily be a more negative year in the odd years. In the early years, we're probably pretty well captured. The repayment plan now assumes there will be repayment so we have a five-year paid back in years four and five. We had look at the schedule and push out for another year if that would be necessary. Probably have that flexibility. What can bds do between now and then or, as we see things changing as part of this morning forking process, to stay on the current -- the planned repayment schedule, make some changes in their programs that would free up some cash flow in order to make sure that we could stay on the repayment plan. So we do have time. It's not as if we're going to borrow the money and then never have an opportunity to look at that between now and when the loan needs to be repaid. Obviously there is uncertainty, but we would be able to manage that. This is not the only interim line of credit that has unknowns that we have to work against as we proceed. We do it with the urban renewal programs all the time. As new increment revenues get generated, are we on that forecast or not?

Adams: The other clarifying question is we're all committed to being prudent here. You're looking to buy into an existing system and, when we were initially talking about you were going to look for either buying into existing systems or to build a

November 3, 2010

system that had been tried somewhere else but would have to be sort of located here anew, and now you're moving in the direction of signing up with the state partner.

Leonard: The state owns this system, and we would become a party to that.

Adams: On the issue of will it work. How long has the state system been up and running?

Leonard: We do have folks from the state here to address those issues if we're done with this panel.

Fritz: I have a lot of questions and I need to state our protocol at this body is to take a break at 12:30. I therefore arranged to meet with the folks from centurylink to see if I could encourage them to locate their headquarters in Portland. They can put their meeting back 15 minutes, but they can't delay it—they have a flight to catch.

Adams: I didn't know we had that protocol.

Fritz: You instituted it. Brilliant.

Adams: Brilliant. Unless there is objection from Council, we'll take a short break.

Leonard: Eric is a volunteer...

Hovee: Yes.

Leonard: Is there any questions?

Fritz: No, I asked my questions. And I recognize there are other citizen's here waiting to testify on other issues.

Leonard: Thank you, eric.

Fritz: I'd like the centurylink folks have graciously put back their meeting 15 minutes-- my question for ken, one of them, according to the ordinance we're going to borrow \$4.4 million and \$1.5 million is going to be paid another way. How are we going to pay the \$1.5 million.

Rust: I assume bds will pay for that out of their own resource. But denise can better answer the question.

Denise Kleim, Administrative Services Manager, Bureau of Development

Services: There's some costs that can be capitalized and some that cannot be. The \$4.4 million are costs that can be covered by the line of credit and the 1.4 is not. The 1.4 is actually put into the financial plans in your packet. Showing that we would pay that out of pocket as the costs are incurred.

Fritz: And if before we vote on this next week, if I can get your --

Leonard: It's an emergency ordinance.

Fritz: It's --

Leonard: Did we pull the emergency ordinance?

Fritz: Yeah. If I can get your updated income and expenditures. I've heard from citizens in the community we're not serving everyone who came into the permit center and people are turned away because we don't have enough planners and technicians and they have to come back. Why are we not staffing up if we have the additional revenue so we get more revenue and kick-start it.

Kleim: The project costs we gave you are for the whole project. Costs over a four-year period. The \$1.4 million of that, there's a million that's conversion that's over a four-year period of time and we can only actually do this because we would be then

November 3, 2010

not spending the \$200,000. The \$250,000 to microfilm the records. We would stop doing that and shift the expenses over toward doing our records conversion.

Fritz: That's where the \$1.5 million?

Kleim: Part of that come from that and part out of pocket.

Fritz: That's my question. Why not hire more staff back now.

Leonard: But the answer was -- you asked why not the \$1.4 million. There isn't \$1.4 million available and the future budgets have yet to be allocated so we don't have money laying around to hire people based on the outgoing years over the next five years.

Fritz: I'd like to see the details --

Leonard: I don't want people to be misled. There isn't 1.4 or 1.5 million laying around somewhere.

Fritz: I didn't suggest there was. I'm glad you clarified that. There's however an exhibit d that we are going to staff seven new positions in bds for \$1.5 million and limited term positions. That works out \$220,000 per year per employee. How long are those -- is that accurate? Are we hiring highly paid folks in these positions?

Kleim: That includes all costs. It would include -- all of the roll-up costs associated with them. Some materials and telephone, etc.

Fritz: 220 is still a lot--

Kleim: They are -- you know, they are building -- not building. Uh -- they are analysts that look at our programs, they are senior planner that would look at internal operations. Applications analyst. A programmer. So they are not real lower-level positions. They're not management positions but they're highly professional positions.

Leonard: Let's be clear again. Because this stuff gets out on the record and nobody gets \$220,000 a year, including benefits. That would be a misrepresentation of the numbers. They include a number of costs for materials and services and others and to dispel any notion that's the case, please put together the actual cost for a position.

Scarlet: That's what I was going to suggest.

Fritz: That's what I was going to ask.

Kleim: The \$1.5 million is over a two-year period of time. It's a two-year cost.

Leonard: So it's \$110,000 a year. Not \$220,000. Let's get this clear and that includes materials and services.

Fritz: Which is much more reasonable.

Kleim: Exactly.

Fritz: And the other line item where it list what had staff was going to be, four of them for four years, so those numbers made sense. Thank you for the clarification. The city treasurer report states that repayment the debt obligation is dependent on a significant economic recovery over the next two years and goes on to say he expresses no opinion whether the project should proceed at a time when presumed economic recovery is not yet evident and the project involves risks and in the absence of strong to moderate economic recovery will pose burdens on the bureau and force

November 3, 2010

the general fund to assume responsibility for this debt. Why should we set aside the concerns in this memo and i'm asking you, ken, as director.

Rust: Well, I think commissioner, you shouldn't set those aside. I think the treasurer is trying to make sure you understand this is a risk and that we need to be prepared to manage that risk. Than clearly, there are things on the horizon that we're making assumptions about but only be, you know, realized over a period of time. And like any kind of a projection, things can go wrong. With that as a backdrop, I think the concern is that making sure that if things don't proceed as planned and we have to make adjustments that you're not surprised that by that necessarily. To give you a full head's up. This has challenges for us and it's not as perhaps risk-free as you will. If that's the right way to describe it, as other transactions where we have more control on our resources and less reliance on a forecast that has uncertainties built in to it.

Adams: Again, I think the question is a good one and a useful one. But the risks, since we're loaning the money to ourselves, instead of paying it back in five years, we're paying it become in six years, and I don't -- i'm going to obviously push to make sure it's paid back in five, but I just -- the risk here isn't that we're in default or - - this is a loan we're making to ourselves to equip up a bureau that is in ancient times for systems.

Rust: Mayor, I would assume there's not a risk of default. That's not the issue. The question is if the plan as projected isn't realized, what might happen and what might happen, there are a lot of things we could choose to do. We may choose, if necessary and had, to -- i'm not saying we would -- that the general fund would have to step in because it's backing the line of credit. But there's a lot of things we could do to avoid that and working with bds and you to manage that. And it's like any other borrowing, we don't just borrow the money and forget it. We manage that. We've successfully managed hundreds of million of dollars and \$300 million of long-term debt outstanding and this is not the first time that we've undertaken something that involves risk. It's manageable.

Fritz: Are we borrowing from a outside entity?

Rust: Yes, a transaction with a commercial bank and we would then paid -- repay them over time. Virtually all of our lines of credit are with external banks.

Fritz: Thank you.

Adams: I stand corrected there. When this bureau had previous technology, has it always paid for its own technology or has the general fund paid and do all bureaus sort of take it out of hide or does the general fund pay or occasion for some of our enterprise bureaus.

Rust: I don't believe the general fund has paid for technology improvements and projects. It's designed to be a special revenue fund operating within its own resources and i'm not aware that of enterprise funds have relied on the general fund to pay for its technology.

Adams: We made a contribution to expand the existing system to other -- the other regulatory bureaus. I remember that.

Rust: The tracs system?

November 3, 2010

Adams: Yes

Leonard: I want to point out with all due respect to Eric Joe Hand Seven, he does great work. But he was not part of the committee or staff and maybe it's better if he came up and explained why he used the term, that the repayment is fully dependent on significant economic recovery because that's not what the committee found. That we're required to have a significant economic recovery. In fact in the worst case scenario if everything goes against us, we can still repay the debt.

Adams: So after our break, we'll have Eric come up and answer that question. Commissioner Fritz is -- needs a break for -- we're going to break for 15 minutes.

[gavel pounded] [recess]

At 12:42 p.m., Council recessed.

At 1:04 p.m., Council reconvened.

Adams: Welcome back from recess.

Item 1443 continued.

Eric Johansen, Debt Manager, Office of Management and Finance: I think the question came up about the substance of the memo I prepared on this project. To cut to the bottom line, I would reiterate what Ken said, if the revenue forecast isn't realized, the worst case, then we'll be in some sort of a workout situation where either we refinance the debt or potentially the general fund would have to step in and take responsibility for it. The things present here that are maybe different than some finances, this is a passive revenue stream. We don't have a lot of ability to control it. That's a little different. And the second thing, the worst case scenario is still a gross scenario in the out-years and that's why I said in the memo, this is dependent on some kind of recovery over the next five year period. Because the worst case, says in the out-years we have growth. That was the reason for that language in the memo. The bottom line, if we get out there, and, you know, hopefully we can see it coming and the revenue forecasts aren't realized, we'll have to welcome at doing some structuring and thought it appropriate for council to know that's a possibility.

Adams: Why not Mastercard it?

Johansen: Internally?

Adams: Yeah.

Johansen: First, the rates from the banks are very, very attractive in the 1% to 2% range. And we've found it difficult at times to find a bureau that is able to lend for a five-year period. We've done shorter term borrowings but in the five-year period, it backs harder to find a source of funding within the city to fund an inner-fund loan.

Adams: Did you have more.

Fritz: No, thank you.

Adams: Did you have more to testify?

Leonard: The state is going to testify about their -- the system we are going to --

Scarlett: Also like to have Hank McDonald.

Fritz: Thank you for staying all morning and taking the recess. I greatly appreciate it.

Adams: Do you want to go first?

November 3, 2010

Patrick Allen: I'm at administrator of the state building codes division and operate the state e-permitting system and the question came up where we are on that system. Let me quickly to help draw a good picture, talk about why we're doing a statewide e-permitting. We've been tasked by federal legislature to do. We talked about a building permit. That's a misnomer when you do a project, you get a basket of permits. A structural and electrical permit and in many parts of the state, they're issued by different places. Like the county or city. Take that scenario and put it at McLoughlin boulevard. You may be in the city of Portland or city of Milwaukie or Clackamas county or Multnomah county. And the answer may depend on what side of the street you're on and where in the block and the dynamic of who is issuing the permit can shift and there's not bright lines in the street who tells you who issues what. Take that across the entire area and you have a circle where today a builder needs to carry physical paperwork to city hall, county courthouse to through 26 cities and three counties and various jurisdictions and it's labor-intensive and paper and time intensive process. And a permit expediter just carries paper around and mom and pop construction, it's not them running the business but complying with the important public safety regulations and we were tasked to create a singling online portal irrespective of the jurisdiction issuing the permit, builders can go to that portal and not have to think about which city or county is doing the inspections. They're able to pay their fees and check the status. It's a 10-year \$50 million project aimed at getting the large majority of the state's cities and counties online on that system. We started with a pilot project limited to seven jurisdictions with a simple online portal in 2005. Over the course of 2007 and '08, expanded it to cover 33 cities and counties, including Portland. And moved those to the product which we contracted and negotiated for during 2008 and moved them onto that portal in 2009 and moved the full service jurisdiction in July, that was Springfield and right now we have 16 jurisdictions in the queue to come on to the full service system. I think rather than talk about any other overview, I'd answer any questions you might have about the state system.

Fritz: It's not required for a jurisdiction to hook in. And I think Tigard is in your line -- Tigard is in your line. They acquired their system about the same time we were going through the RFP process with Accela. The jurisdictions coming on the system now are centered in Lane, the city of Springfield and Eugene are the ones we're bringing up immediately.

Allen: Tigard is using the same software they acquired

Fritz: Do we know in Gresham and others are planning to hook into your system or not?

Allen: Sure, right now, that group of 16 jurisdictions that I mentioned coming on, West Linn, Lake Oswego, Troutdale. And the city of Gresham had conversations with us and strongly considering coming on. Hillsboro, it's probably a little bit more on the fence. They're interested in the product and having their own internal conversation about whether doing it is on their own system or ours makes the most sense.

Fritz: Thank you.

November 3, 2010

Adams: Questions for the panel? Thank you. Did you have more? Anyone who wishes to testify on this matter, Karla? Did you have more.

Mark Greinke, Chief Technology Officer, Bureau of Technology Services: I wanted it speak on behalf of the technology, not here to talk about the financing. But we've been with me bds at the table from the beginning and giving my total vote of confidence this is a rock solid solution, that works for the state and city and we are really ready to partner with bds and the rest of the city to automate a lot of our technology processes here.

Leonard: Thank you, mark.

Fritz: I don't know who to ask this question to. But we were supposed to get the figures from the other bureaus, how much their cost would be.

Scarlett: Exhibit c.

Fritz: Thank you very much.

Adams: All right. Unless someone wishes to testify, or there's additional discussion prompted by the city council -- oh.

Fish: I have a question, mayor this is now non-emergency?

Adams: Uh-huh.

Fish: I have a couple of questions but if we have a week, i'll send by email.

Leonard: Ok. I look forward to them.

Adams: So 1443 moves --

Moore-Love: Move the amendments still.

Adams: We have amendments?

Moore-Love: Yes, to make it a non-emergency.

Adams: Unless objection, the emergency clause is removed.

Moore-Love: And language to the title.

Adams: So moved.

Moore-Love: And a, b and c, there's changes.

Fish: Move the package

Fritz: Second

Adams: Moved and seconded the package as described by Karla so efficiently.

Would you please call the vote on the amendments.

Item 1443 roll.

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

Adams: Aye. All right. Moves to a second reading. Karla, please read 1436 and because it was a previous agenda, does that mean it's a second reading?

Item 1436.

Moore-Love: It can be a second reading.

Adams: Please call the vote --

Fritz: No, I want discussion on this. It was pulled from the consent agenda but pulled to the regular agenda of this week.

Adams: To be done this week?

Fritz: Yeah. So we can have our discussion and presentation.

Adams: Commissioner.

November 3, 2010

Fritz: I asked this to be pulled because there are policy changes regarding large haulers and I wanted more information from staff about the policy choice because when it comes back, it will just be approving the fractures. Can you tell us what the process is.

Bruce Walker, Solid Waste and Recycling Program Manager, Bureau of Planning and Sustainability: Thank you, mayor Adams, commissioners, I'm Bruce Walker, the solid waste and recycling program manager and work in the bureau of planning and sustainability. Quick background. This provision included the 50,000 customer cap for any single franchisee was included in the initial franchise agreement adopted when this process was approved by city council in 1991. It went into effect in '92. This has been in place since the beginning of our residential franchise system in Portland. At that time, the customer base was the total number of residential customers was 125,000 customers. We as city staff and, yes, I was part of the team that helped to develop that franchise, and worked with Sue Keil, now bureau of transportation, who headed up our efforts at that time, and we put in place, a 50,000 customer cap, 40% of the customers at that time, we thought it was just -- I'll say, a reasonable provision to -- so that anyone one company doesn't get too big or dominate the market. And at that time, this was no company near that size.

Fritz: How many companies did we have at that time?

Walker: At that time, our initial franchise agreement was -- there were 69 franchisees.

Fritz: And how many now?

Walker: Now 21.

Fritz: So under this proposed change, we could have three companies.

Walker: Yes, that would be one potential of that. So if I could just say, why are we looking at changing that is that in my opinion, we're not looking at changing the overall strategy in 1991, it was 50,000 customers out of 125,000. Due to growth, of the system, slight expansion of where our franchise system covers in the urban services boundary, as well as more customers have signed up, more infill housing has occurred over time, there are approximately 145,000 customers now. Rather than getting a substantial policy discussion or revisitation of what council said in the early '90s, we believed it was a reasonable approach to bring forward maintaining that initial 40% and rather than lock in on a firm number, such as the 50,000, we just said, let's not dramatically change the situation, but instead, just maintain the 40%.

Fish: By going to a percentage basis rather than a hard cap, I'm trying to understand, that would be the equivalent of having indexed this for population growth from the beginning, correct?

Walker: That's correct.

Fish: By moving away from the hard number, which was intended to be roughly 40% and go to 40%, it in effect allow it is to grow with population growth, but still as then, as now, you could potentially have as few as three haulers?

Walker: That's correct.

Adams: Other discussion.

November 3, 2010

Fritz: Why would we want to encourage companies to consolidate and become bigger and bigger, especially ones not local, rather than supporting small local businesses?

Walker: It -- there are two sides to every coin. And by that -- and I'm not trying to just use a phrase like that. But certain haulers select to -- need to either -- all haulers need to make investments for the future and some are making a choice to say, I'm no longer going to do those changes, and I'd like to have an opportunity to have a range of haulers that I can sell to. There's one proposed -- or potential sale that's being considered now by two haulers, and the -- the smaller hauler would prefer to be able to have a range of existing franchisees to sell to, rather than be limited.

Adams: There's a balance, always, between economies of scale and economies of local. And smaller. So we're always trying to balance -- to Commissioner Fish's point, the initial language, with all due respect, really should have contemplated as we do in other policies, percentage bases, not a fixed number and this simply true that is up.

Walker: I would have much preferred that in retrospect, that would have a better way to write it.

Fish: We're going from a cap of 50 residential customer, if my math is correct, with the current number of customers in the city, you could have up to 56,000 or somewhere in that range.

Walker: But generally it would be about that, correct.

Adams: It's not a whole cloth situation.

Fish: It's not a significant increase but if there were to be any changes in ownership, those would be subject to arm's length transactions between private party that the city encourages or discourages within that cap.

Walker: Commissioner Fish, we do not encourage --

Adams: We know, we know.

Adams: I've got to move it along, Bruce -- whether the planning review board has considered? Or the perb?

Walker: We have not brought it in front of those bodies, the planning review board doesn't -- deal with these issues.

Walker: The Portland review board, we've not brought it up, it doesn't appear to be a rate issue.

Fritz: I know from email correspondence that obviously -- everybody gets garbage service and recycling -- was there any notice with this?

Walker: In short, there was not extensive -- it was discussed internally and we discussed what the -- with the hauler community and we felt that bringing it to council was a continuation of the practice.

Fritz: Well, thank you and I appreciate us having a hearing on this. I don't think there's anybody here to testify, but --

Fish: I have another question. The question of rate came up and there's a potential for confusion because I was confused when this came to me. So -- whether there's 69

November 3, 2010

haulers or 21 or 19, the number of haulers doesn't determine what the rate is. The rate is set and regulated by the city. So we're talking about just the number of haulers.

Walker: That's correct.

Fish: Thank you.

Adams: Any additional discussion on 1436? Anyone here to testify on 1436? This moves to -- we had a first reading on this?

Moore-Love: We read the title last week so we can vote on it this week.

Adams: Is there any urgency to do that? The purpose of having a hearing was to bring it to people's attention to see if anyone had comment.

Leonard: If we move to next week, we don't have comments. We just vote. Today is the day to comment.

Fritz: Right, I know there was someone here but the?

Adams: Move it to next week for a second reading and vote. Can you please read the title and call the vote for 1437.

Item 1437 roll.

Leonard: Aye.

Fritz: Again, thank you, mayor Adams, for your leadership on this and also the bureau of planning and office of healthy working rivers staff. Aye.

Fish: Aye.

Saltzman: Aye.

Adams: Aye. 1437 is approved. Please read the title for first read, nonemergency ordinance, 1438.

Item 1438.

Eric Johansen, City Treasurer: Eric, city treasurer. This request will authorize a new line to replace an existing line of credit that expires in 2011 and ensure continued funding for local improvement district throughout the city and from the proceeds of long-term bonds and selecting a commercial bank to provide the line of credit for request for proposal process.

Adams: Questions from council.

Fritz: How does this relate to the bancroft fund which has \$60 million in it?

Johansen: It's related, but the practice that we've used historically is to provide the financing for the projects themselves through a line of credit to be repaid at a later date. One of the potential uses for the lid fund, the reserve component, could be to do this kind of interim borrowing in the future but we're not certain of the legal ramifications of doing that. But it's something that we're considering.

Fritz: And what interest rate are we getting on it versus the line of credit?

Johansen: Typically when we borrow internally, passing through the city's investment portfolio rate, which is about half a percent. The bank facility, somewhere between 1% and 2%, based on current market rates.

Adams: Additional discussion from council? Anyone wish to testify on 1438? Move to a second reading next week. We're going to knock out 41 and 42, because I have an additional company to meet with to try and get business for Portland. Please read the title –

November 3, 2010

Fish: We have an emergency.

Adams: We do.

Fish: 1443 was pulled for an amendment and it's an emergency. We can take care of that --

Adams: 1443 was not an emergency, we took it off.

Fritz: Which one?

Fish: 1433.

Adams: Oh, he thought you said 43.

Fritz: From the consent.

Adams: Well, let's call the vote on 1441.

Item 1441 roll.

Leonard: Aye.

Fritz: I'm --

Adams: 1441. We're doing 1441. It's a second reading.

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

Adams: Aye. 1441 is approved. Can you please read the title and call the vote for second reading for 1442.

Item 1442 roll.

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

Adams: Aye so approved. Please read the title for emergency ordinance item number 1433.

Item 1433.

Fish: I have an amendment.

Adams: Your amendment?

Fish: We've circulated two non-substantive changes which every member of council has received. I move the two amendments.

Adams: Moved and seconded. Please call the vote to 1433.

Item 1443 roll.

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

Adams: Additional discussion on the amended 1433? Karla, is there anyone who wishes to testify on 1433? This is an emergency ordinance. Please call the vote on 1433.

Item 1433 roll.

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

Adams: Aye. 1433 is approved. [gavel pounded] can you please read the title for nonemergency ordinance item 1440.

Item 1440.

Saltzman: Do we have someone to present to us?

Fish: You know once you take that seat and take the oath, we can ask you questions about anything.

Mike Golub: chief operating operator of Oregon timbers and peregrine sports. This proposed deal between the city and providence and peregrine is an innovative one and we think it's truly a win-win-win. It will activate the neighborhood on a everyday

November 3, 2010

basis, which the neighbors and neighboring businesses truly wants and brings health since ever services to a part of the city that's arguably quite under-served and it's the basis of a innovative partnership between peregrine, the timbers and providence. Much of which has a lot of direct public benefit be, this is been in the works for many months and we think it's in great shape and a really positive deal all around. Costs of building and the ongoing costs of operating the clinic are borne completely by providence and there's no cost to the city. Both now and in the future. And so hoping and -- open to and welcome any questions and we have members from providence here as well.

Saltzman: Is there anyone from providence who wishes to say anything? I have a question and probably directed more toward the city. Dave? You can answer this maybe too, mike. I know we had a provision that providence will -- the clinic will serve people that have health insurance, including medicare and medicaid and Oregon health plan.

Alexander: Right.

Saltzman: Where did we end up on that -- or where is it in the [inaudible]

Deanne Alexander: Deanne alexander. If you look at the non-disturbance agreement, in section 3, we actually pulled language directly out of the redevelopment agreement that council previously approved for the redevelopment the stadium and it requires providence during the entire term of occupancy of the clinic to treat patients covered under or by the Oregon health plan, medicare or Medicaid.

Saltzman: straightforward?

Alexander: It is.

Saltzman: Thank you. Anybody else have any questions?

Fritz: Thank you for the work in collaborating on this agreement.

Alexander: It's a pleasure.

Saltzman: Ok. This is a --

Fritz: And staying here all morning and half the afternoon.

Saltzman: Yeah, appreciate you sticking around. This moves on to the second reading and looks like a good agreement.

Golub: Thank you.

Saltzman: Is that it, Karla?

Moore-Love: All the items.

Saltzman: We're adjourned until next wednesday.

At 1:31 p.m., Council adjourned.