



CITY OF
PORTLAND, OREGON

OFFICIAL
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **5TH DAY OF JUNE, 2002** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Saltzman and Sten, 4.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ben Walters, Senior Deputy City Attorney; and Officer Michael Frome, Sergeant at Arms.

Commissioner Saltzman arrived at 9:31 a.m.

Item No. 634 was pulled for discussion and on a Y-4 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATION	Disposition:
592 Request of Mark Jackson to address Council to pray and ask for the blessing of God on the City Council and Portland (Communication)	PLACED ON FILE
TIME CERTAINS	
593 TIME CERTAIN: 9:30 AM – Amend the fee schedule for land use applications and related planning services charged by the Office of Planning and Development Review effective July 1, 2002 (Ordinance introduced by Mayor Katz) Motion to remove the emergency clause: Moved by Mayor Katz and gaveled down by Mayor Katz after no objections.	CONTINUED TO JUNE 26, 2002 AT 9:30 AM AS AMENDED
*594 TIME CERTAIN: 10:15 AM – Authorize a contract between AT&T Broadband of Ohio, LLC and the City to provide an I-Net/IRNE Interconnect and INET Services (Ordinance introduced by Mayor Katz) (Y-4)	176579
595 Authorize change in control of cable franchises held by AT&T Broadband to AT&T Comcast Corporation (Ordinance introduced by Mayor Katz)	PASSED TO SECOND READING JUNE 12, 2002 AT 9:30 AM
CONSENT AGENDA – NO DISCUSSION	
Mayor Vera Katz	

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<p>*596 Pay claim of the Estate of Tracy Poole (Ordinance) (Y-4)</p>	<p align="center">176530</p>
<p>597 Authorize an agreement with the Portland Oregon Visitors Association for the promotion of convention business and tourism, waive the provisions of City Code Chapter 5.68, and provide for payment (Ordinance)</p>	<p align="center">PASSED TO SECOND READING JUNE 12, 2002 AT 9:30 AM</p>
<p>*598 Lease space at Oregon Military Department Camp Withycombe site for the Police Bureau Training Division (Ordinance) (Y-4)</p>	<p align="center">176531</p>
<p>*599 Authorize agreement with InspirationWorks, LLC for use of U.S. Department of Justice, Office of Community Oriented Policing Services, Value Based Initiative Project funds (Ordinance) (Y-4)</p>	<p align="center">176532</p>
<p>*600 Authorize agreement with National Conference for Community Justice for use of U.S. Department of Justice, Office of Community Oriented Policing Services, Value Based Initiative Project funds (Ordinance) (Y-4)</p>	<p align="center">176533</p>
<p>*601 Amend contracts with two energy plan review contractors, increase compensation and extend services for energy plan review (Ordinance; amend Contract Nos. 33411 and 33412) (Y-4)</p>	<p align="center">176534</p>
<p>*602 Execute Intergovernmental Agreement between Bureau of Planning and Portland Development Commission for the planning and implementation of urban renewal projects (Ordinance) (Y-4)</p>	<p align="center">176535</p>
<p>*603 Extend contract with CH2M Hill to assist the City Endangered Species Act Program (Ordinance; amend Contract No. 33859) (Y-4)</p>	<p align="center">176536</p>
<p>*604 Authorize the Chief Administrative Officer to execute a contract with AdvancePCS for pharmacy benefit management services (Ordinance) (Y-4)</p>	<p align="center">176537</p>
<p>*605 Authorize a labor agreement with the City of Portland Professional Employees Association relating to terms and conditions of employment of certain represented employees (Ordinance) (Y-4)</p>	<p align="center">176538</p>
<p>*606 Authorize bonds for urban renewal areas (Ordinance) (Y-4)</p>	<p align="center">176539</p>
<p>*607 Authorize the issuance and sale of Tax Anticipation Notes, Series 2002, General Fund, in an amount not to exceed \$25,000,000 (Ordinance) (Y-4)</p>	<p align="center">176540</p>

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<p>*608 Authorize the issuance and sale of Tax Anticipation Notes, Series 2002, Fire and Police Disability and Retirement Fund, in an amount not to exceed \$20,000,000 (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176541</p>
<p>*609 Extend term of Ordinance granting Portland Energy Solutions Company, LLC a temporary revocable permit to June 25, 2003 (Ordinance; amend Ordinance No. 175730)</p> <p>(Y-4)</p>	<p align="center">176542</p>
<p>*610 Extend term of Ordinance granting PT Cable, Inc. a franchise to June 1, 2003 (Ordinance; amend Ordinance No. 163303)</p> <p>(Y-4)</p>	<p align="center">176543</p>
<p>*611 Amend Intergovernmental Agreement with Oregon Health Sciences University to provide additional defibrillator training (Ordinance; amend Contract No. 51507)</p> <p>(Y-4)</p>	<p align="center">176544</p>
<p>*612 Lease certain space in Multnomah Center to nine tenant groups from July 1, 2002 through June 30, 2003 (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176545</p>
<p>*613 Authorize purchase of 4807 SE Harney Dr. from Lenske Properties, LLC in the Brentwood-Darlington neighborhood for use as a neighborhood park and natural area (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176546</p>
<p>*614 Authorize the Director of Portland Parks and Recreation to execute a 2002-2006 Planting and Maintenance Agreement with three private party owners along the Columbia South Shore Slough Trail (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176547</p>
<p>*615 Authorize payments to Portland Public Schools to support after-school programs and reimburse for incremental facilities costs at schools, for the period July 1, 2001 through June 30, 2002 (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176548</p>
<p>*616 Amend Intergovernmental Agreement with Multnomah County Aging and Disability Services' Area Agency on Aging to provide social service delivery system for the period July 1, 2001 through June 30, 2002 (Ordinance; amend Contract No. 32024)</p> <p>(Y-4)</p>	<p align="center">176549</p>
<p>*617 Authorize an interfund loan from the Portland Parks Trust Fund to the Portland International Raceway Operating Fund, to be repaid during fiscal year 2002-03 (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176550</p>
<p>*618 Authorize Intergovernmental Agreement with Oregon Department of Transportation and City of Milwaukie for the Oregon Department of Transportation to provide right-of-way acquisition services for the Johnson Creek Boulevard Street Improvement Project (Ordinance)</p> <p>(Y-4)</p>	<p align="center">176551</p>

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<p>*619 Authorize a contract and provide for payment for the SW Market and SW Clay Street Improvement Project (Ordinance) (Y-4)</p>	<p align="center">176552</p>
<p>*620 Amend contract with CMMS, Inc. to supply qualified street construction inspection personnel upon request and provide for payment (Ordinance; amend Contract No. 33635) (Y-4)</p>	<p align="center">176553</p>
<p>*621 Grant revocable permit to Portland Development Commission and Portland Parks and Recreation to close NW Johnson Street between NW 10th and NW 11th Avenues on June 29,2002 (Ordinance) (Y-4)</p>	<p align="center">176554</p>
<p>*622 Amend Title 17 to support the implementation of new land division regulations (Ordinance; amend Code Title 17 and add Chapter 17.82) (Y-4)</p>	<p align="center">176555</p>
<p>*623 Authorize Intergovernmental Agreement with Tri-County Metropolitan Transportation District of Oregon to provide regional Congestion Mitigation and Air Quality funds for programs and initiatives for alternative transportation use, reduce vehicle miles traveled and improve air quality (Ordinance) (Y-4)</p>	<p align="center">176556</p>
<p>*624 Contract with Socialdata Australia to conduct the TravelSmart Portland Pilot Project to encourage the use of alternative modes of transportation and document the effects of personal travel behavior (Ordinance) (Y-4)</p>	<p align="center">176557</p>
<p>*625 Waive requirements of City Code 5.68 and contract with five neighborhood association district coalitions for the operation of coalition programs for the period July 1, 2002 through June 30, 2007 (Ordinance) (Y-4)</p>	<p align="center">176558</p>
<p>*626 Contract with Applied Compost Consulting, Inc. for \$30,000 for interviewing and educational services for the commercial food waste collection project (Ordinance) (Y-4)</p>	<p align="center">176559</p>
<p>*627 Authorize the continuance of negotiations for the purchase of permanent and temporary easements required for construction of the West Side Willamette River Combined Sewer Overflow Project and authorize the City Attorney to commence condemnation proceedings, if necessary and obtain early possession (Ordinance) (Y-4)</p>	<p align="center">176560</p>
<p>*628 Amend Chapter 17 for sanitary and sewer easements to protect drainageways and to provide definitions consistent with those in the amended Chapter 33 (Ordinance; amend Chapters 17.32, 17.36 and 17.38) (Y-4)</p>	<p align="center">176561</p>

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<p>*629 Authorize an Intergovernmental Agreement with Portland Public Schools to provide bus transportation for school field trips to Smith and Bybee Lakes Wildlife Area (Ordinance) (Y-4)</p>	<p align="center">176562</p>
<p>*630 Amend Intergovernmental Agreement with Clean Water Services to clarify conditions under which financial incentives apply (Ordinance) (Y-4)</p>	<p align="center">176563</p>
<p>*631 Authorize grant pre-application and application for revegetation activities to National Fish and Wildlife Foundation Wildlife Links grant program in the amount of \$30,000 per year for three years (Ordinance) (Y-4)</p>	<p align="center">176564</p>
<p>*632 Authorize an Intergovernmental Agreement with the Oregon Department of Environmental Quality for regulatory oversight related to the clean up of contamination and restoration of natural resources in the Portland Harbor (Ordinance) (Y-4)</p>	<p align="center">176565</p>
<p>*633 Agreement with Enterprise Foundation, Inc. for \$100,000 for the management of private loan funds related to Community Development Block Grant and HOME eligible housing development projects and provide for payment (Ordinance) (Y-4)</p>	<p align="center">176566</p>
<p>*634 Adopt and authorize the submission of the Consolidated Plan Action Plan 2002-2003 and application to the U.S. Department of Housing and Urban Development for grants under the Community Development Block Grant, HOME Investment Partnership, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS Programs for Fiscal Year 2002-2003 (Ordinance) (Y-4)</p>	<p align="center">176578</p>
<p>*635 Amend agreement with Northeast Coalition of Neighborhoods for the Mississippi Historic District Target Area to increase amount by \$25,000 and extend the termination date to December 31, 2002 and provide for payment (Ordinance; amend Contract No. 33823) (Y-4)</p>	<p align="center">176567</p>
<p>*636 Amend agreement with the Housing Authority of Portland for the provision of the Rental Assistance and Stabilization Program and provide for payment (Ordinance; amend Contract No. 33836) (Y-4)</p>	<p align="center">176568</p>
<p>*637 Amend Intergovernmental Agreement with Multnomah County Office of Schools and Community Partnership for services and housing options by increasing the amount of PILOT funds available and provide for payment (Ordinance; amend Contract No. 33941) (Y-4)</p>	<p align="center">176569</p>
<p>*638 Authorize agreement with Human Solutions, Inc. for \$51,989 to support the development and management of affordable rental housing in Gresham and Multnomah County and provide for payment (Ordinance) (Y-4)</p>	<p align="center">176570</p>

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<p>*639 Amend agreement with Peninsula Community Development Corporation for the Peninsula Vision 20/20 Target Area to increase amount by \$10,000 and extend the termination date to August 31, 2002 and provide for payment (Ordinance; amend Contract No. 33838) (Y-4)</p>	<p align="center">176571</p>
<p>*640 Amend agreement with the Salvation Army to provide additional Housing Investment Funds in the amount of \$5,000 for emergency shelter for homeless women (Ordinance; amend Contract No. 33852) (Y-4)</p>	<p align="center">176572</p>
<p>*641 Amend agreement with Portland Development Commission to administer housing and economic development programs, increase available funding and provide for payment (Ordinance; amend Contract No. 34086) (Y-4)</p>	<p align="center">176573</p>
<p>*642 Agreement with Portland Community College to develop an employer linked health care job training and placement program for low-income residents and provide for payment (Ordinance) (Y-4)</p>	<p align="center">176574</p>
<p>*643 Agreement with Technical Assistance for Community Services for \$25,000 to provide technology infrastructure services to Bureau of Housing and Community Development funded non-profit contractors and provide for payment (Ordinance) (Y-4)</p>	<p align="center">176575</p>
<p>*644 Authorize an Intergovernmental Agreement with East Bay Municipal Utility District in Oakland, California to participate in a national multi-family submetering research project (Ordinance) (Y-4)</p>	<p align="center">176576</p>
<p align="center">City Auditor Gary Blackmer</p>	
<p>*645 Amend fee provision for access to Lien Accounting System to reflect new web based program (Ordinance; amend City Code Section 5.60.120) (Y-4)</p>	<p align="center">176577</p>
<p align="center">REGULAR AGENDA</p>	
<p>646 Accept bid of S-2 Contractors, Inc., for the N. Cecelia Street and N. Hodge Avenue sanitary sewer extension project for the estimated amount of \$547,548 (Purchasing Report - Bid No. 101338) (Y-4)</p>	<p align="center">ACCEPTED PREPARE CONTRACT</p>
<p align="center">Mayor Vera Katz</p>	

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<p>*647 Approve cost of living adjustments to pay rates for nonrepresented classifications and Elected officials, specify the effect upon employees in the classifications involved effective July 1, 2002 and provide for payment (Ordinance) (Y-4)</p>	<p>176580</p>
<p>648 Create a Local Improvement District to construct street improvements in the North Marine Drive Extension Local Improvement District (Hearing; Ordinance; C-10000)</p>	<p>PASSED TO SECOND READING JUNE 12, 2002 AT 9:30 AM</p>
<p>*649 Amend contract to increase the Bureau of Environmental Services' extra work authority to \$309,600 to James W. Fowlers Co. for increased scope of work for the Columbia Interceptor Isolation Structure, Project No. 7007 (Ordinance; amend Contract No. 33767) (Y-4)</p>	<p>176581</p>
<p>*650 Amend contract with Impregilo/Healy Joint Venture for pre-construction services for the West Side Combined Sewer Overflow Tunnel, Shafts, Pump Station and Pipelines project No. 6680 for an additional cost not to exceed \$534,339 (Ordinance; amend Contract No. 34004) (Y-4)</p>	<p>176582</p>
<p>*651 Authorize contract with Curran-McLeod, Inc. for engineering services to complete the design of pump station improvement projects at the Riverview pump station Project No. 5365 and the Safeway pump station Project No. 7210 (Ordinance) (Y-4)</p>	<p>176583</p>
<p>*652 Accept an Intergovernmental Agreement for \$65,000 from Metro to develop and implement a Green Copier Campaign to businesses (Ordinance) (Y-4)</p>	<p>176584</p>
<p>653 Replace the current version of Title 14 Public Peace, Safety and Morals with Revised Title 14 Public Order and Police, and make conforming amendments to the City Code (Second Reading Agenda 554; repeal and replace Title 14; repeal Sections 3.20.250 through 3.20.350, 3.20.380 and 3.20.390; amend Sections 3.30.050, 3.106.070, 8.36.090, 16.20.150, 16.70.550, 17.27.140, 17.46.010, Chapter 24.60 and Section 31.30.010; and add Chapter 7.24, Section 16.70.810, 17.28.025, 17.102.130 and 24.60.020) (Y-4)</p>	<p>176585</p>
<p>654 Assess property for sidewalk repair by the Bureau of Maintenance (Second Reading Agenda 585; Y1045) (Y-4)</p>	<p>176586</p>

At 12:00 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **5TH DAY OF JUNE, 2002** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Saltzman and Sten, 4.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Frank Hudson, Deputy City Attorney; and Officer Michael Frome, Sergeant at Arms.

<p style="text-align: center;">REGULAR AGENDA</p> <p style="text-align: center;">Mayor Vera Katz</p> <p>S-655 Amend the Zoning Code to update regulations that protect Portland's historic resources (Second Reading Agenda 587; amend Title 33) (Y-4)</p>	<p style="text-align: center;">Disposition:</p> <p style="text-align: center;">SUBSTITUTE 176587</p>
<p style="text-align: center;"><u>FOUR-FIFTHS AGENDA</u></p>	
<p>*655-1 Grant revocable permit to Oregon Brewing Co./Rogue Ales Public House to close NW Flanders between 13th and 14th Avenues on June 8, 2002 (Ordinance)</p> <p>Motion to suspend the rules: Moved by Commissioner Francesconi and seconded by Commissioner Saltzman. (Y-4)</p>	<p style="text-align: center;">176588</p>

At 2:05 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

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Closed Caption Transcript of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

JUNE 5, 2002 9:30 AM

Katz: Good morning.

Item 592.

Mark Jackson: Father, I thank for you your presence residing this place. May your wisdom rest upon this mayor and the commissioners as they address the items that challenge our city. May they touch the city with the solitude of our hand and thank for you the forces of darkness and eel that are bound and brought to defeat. May the knowledge of your glory be realized throughout the city. His.

Item 634.

Beth Kaye, Bureau of Housing and Community Development: Good morning, mood mayor and commissioners. This is mike saba, we are here to present the consolidated plan, action plan for fiscal year 2002-2003. We come to you every year with the action plan. It is our grant application to hud for signature federal dollars that come to our jurisdiction for affordable housing and community development work. This is the third action plan under the consolidated plan 2000-2005. That's the big five-year plan that we do every five years that contains updates on what the housing needs are in our community and our analysis of what the housing market s and it sets out strategies for improving the housing and the livability of our low and moderate income communities. This plan is the third plan implementing that strategy, and it's really a state, of course, plan. It's very establish -- do you have what you need?

Katz: I wanted to know why it was pulled.

Kaye: I don't know. It was pulled at your direction. Oh, to explain, my staff person thought it would be nice for people to understand what we are doing. Okay. Go ahead.

Kaye: Pardon me.

Katz: Make it brief.

Kaye: I am. There are really only two changes in this year's plan. The housing and community development commission recommended no changes to the principles and priorities in the plan so the priorities remain the same as those you approved last year. The two changes to the Portland plan are a change to where community-based development organizations can undertake schedule activities. These are activities generally new construction of a size and scope to have an impact on the decline of the areas and that geographic scope has been broadened from merely the city's target areas to other city areas in distress, such as enterprise zones and urban renewal districts. So it gives more flexibility about where we can do important projects. The second change was a change recommended by the homeownership advisory committee of hcde, and that is a change that focuses home, home buyer activities, homeownership activities on, on areas, underserved geographic areas and underserved populations and that's all that's new.

Katz: Questions by the council? Anybody on -- in the audience wanting to testify? Mike, did you want to add anything in.

*******:** No.

Katz: Okay. Roll call.

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Francesconi: Thanks for your work, and also having more flexibility, as it moves east, is a good thing. In addition, all housing efforts led by commissioner Sten, there is also economic development and workforce funding in here that's even more important than it was last year. So, thanks for your efforts as we try to move forward. Aye.

Saltzman: Aye. **Sten:** Thank you, aye.

Katz: Mayor votes aye. 593.

Item 593.

Katz: Okay. I am going to remove the emergency clause and I want to say a few things before we start. By removing the emergency clause, we will not be voting on this today. I want to remind everybody in the audience, I don't have to remind the council, but I do want to remind people in the audience that, that we had about a \$25 million budget shortfall for all funds and about 19 million, 18.6 in general fund dollars. That the budget that the council has approved, but not formally adopted includes not only this fee increase that's part of the financial plan, but if you recall correctly, there was discussion of another \$250,000 to help balance the general fund budget, and the council approved -- adopted, approved it, as well. If the council is concerned, you know, and I want to address that in a few seconds, what we then need to do is explore with margaret some alternatives, but the \$250,000 is a budget reduction of the general fund, and we don't need to discuss how we are going to do it now, but quite frankly, it will be programs that were funded last because I don't want to unravel the entire general fund budget or if revenue picture picks up, and we can talk about it at some some other time, this is not the time appropriate for the discussion right now. You also recall that we subsidize with general fund dollars the land use review, and we subsidize it and made a decision that we wanted to at least have cost recovery of 75%. Washington county recovers 100%. Their fees are higher for land use review. Margaret will talk about it. I am making some general statements. Salem recovers at 90%. Their fees are higher, as well. A lot of questions came up. And you have got some people in the audience -- a lot of questions came up, and you have some people in the audience. We haven't seen you with the budgets. I appreciate you coming here to testify on this particular item concerned about opdr, and all the issues. Some real, some perceived, that have been floating around the business community. I take those very seriously. That's why I appointed an economic development team to look at that, and I have committed to you privately, as well as publicly to work with margaret and her team to make some major changes that, unfortunately, were not done prior or were now maybe need a little bit more work from margaret and her team, as well, and she has been a very open, very open to identify, as you heard yesterday, identify some of the areas, that was a \$30,000 flyover that we heard during the strategic planning, some of the areas that needed -- that needed to work on so I commit at least for a short period of time to take on that responsibility. So, having said all of that, let's turn it over to margaret right now, and for her to share with us again, margaret, you can talk about both, both pieces of, of the increase, the general fund and part of your financial plan. All right.

Margaret Mahoney, Director, Office of Planning and Development Review: Thank you, mayor Katz. I am margaret o'mahoney, director of the office of development and planning review. Denise Klein and Susan Feldman is with me. I want to apologize to the council in advance, I need to leave here at 10:15. My daughter is in the junior rose festival parade so I have to get her there, but I will be available later for further discussions and for meetings as necessary to resolve this. As the mayor indicated, we reviewed our budget with you previously when we did our financial plan, and when we had our budget work sessions. There are three fee packages that you have been and will be considering. You saw one already on electrical and plumbing fees. This is for the land use review activity --

Katz: Let me interrupt and make it very clear that the plumbing and the electrical have been approved, already, the council approved that.

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Mahoney: We are still working on a third one, which is the site development proposals and we will be putting those out for public comment before they come to you later this month. This fee proposal represents a 16% revenue increase to the land use review program. That has several components as the mayor was referring to. One is the initial request that we made in our requested budget was 8%. That was reflective of having cut some staff for our 7% general fund reduction, but also to meet inflationary increases and meet what has been the council directive for 65% cost recovery. The need to take another \$250,000 out of our general fund support to balance other parts of the budget accounts for the second 8%, and that makes up the total 16% revenue increase we need to balance the budget. As I told you before, our fee schedule for land use review is a fairly complicated schedule so, what I've explained to you is we need 16% revenue increase. We translate into the fee schedule, which has a different assumption about general fund support for every kind of review. So, you will see in the fee schedule, itself, that there's a range of increases in individual review fees. Some are not increased at all because they are at full cost recovery. Others may increase as much as 18%. So, there's some variation there, but the total revenue expected from the changes is 16%. And as the mayor indicated, we do have some ideas for the future about changes in process and in regulations, which may help in the future, but those take a certain period of time through our legislative process to make the changes. We have begun the process in talking with the planning bureau about a number of them. In terms of our options at this point, with the fee, I do understand the concerns I am hearing from the community about the fee increase and the effects on individuals and businesses and I am concerned about that, as well. But, our options are limited in that regard. We do have to balance the program. The one option that we didn't put forward that you may want to consider is, is looking at our reserves.

Katz: Now, Margaret, that would be for the first component? Or talk a little bit about what's left, what it would mean. We couldn't do it ongoing. So it's a year.

Mahoney: Our financial policy that you have adopted previously and applies to all enterprise funds -- actually, all funds in the city, requires us to balance the fund and to project out five years, and we have, for our fund, a policy of an average of 35% reserve across the fund. The various programs we manage have a range of reserves based on the size of the program, from 15% to 45%. And the intent of the reserve, when it was created, was to cover prepaid services. We get fees in advance for work we do and the work goes on so, part of it is holding those to cover the work. The other intent of the reserve was also to have a counter cyclical fund to go back to when we had a downturn. And our budget is drawing on the reserve this year, so what -- what you have seen thus far is proposals for fees, some general fund and land use and housing and then drawing on the reserve for the difference, and we are drawing on a reserve for several of our construction programs, drawing on a reserve for land use, as well. Our reserve overall at this point projected for the next fiscal year is only at 6%, so we are below our goal, but that, again, is, it's assumed that it would vary some over the years. That's the intent of it. If we were to go into it for both -- if we were not to increase land use review fees at all, we would have to drawdown the reserve by another half a million dollars, which would bring our reserve to 4%, which is -- 6% is low. 4% makes me quite nervous. But that is something that could be considered to take part of the funds needed out of the reserve and reduce the overall fee increase.

Katz: And what would be -- what would be left that we would need to yank out of the general fund budget?

Mahoney: Nothing --

Katz: No, she was concerned about the level of the reserve.

Mahoney: Well, I am concerned about taking the whole half a million out of the reserve, so if you wanted no fee increases and we took it all out of reserve, it would take the reserve from 6% down to 4%. If you took half of the funds needed and only had an 8% fee increase, then that would take

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us from 6% to 5% on the reserve. Now, our projections that we worked on with the office of management and finance do show us building the reserve back up slowly over the next three years. We wouldn't get to our full goal in three years but we do expect that to build out.

Katz: So that is a very -- then I haven't talked to the office of finance and management and I would like to do that, but that is a very possible solution.

*****: And mayor, I haven't had a chance to talk to them, either.

Katz: And we are not going to act on it today, but I wanted -- just a minute. I wanted to give the council some opportunities to think about some options. All right.

*****: Well, what is the impact --

Saltzman: What is the impact if we say no fee increases and no draw-out of the reserve?

Mahoney: Well, we would be \$500,000 out of balance for the program. If there isn't any other general fund to support that from elsewhere in the budget, then we would have to cut that amount of, of money out of our land use review program. That's probably 7 to 8 staff positions, roughly. We would not be able to meet our legal requirements for processing the land use reviews.

Everything we do in the land --

Saltzman: In terms of timeliness? The process? Legal requirements? Is that --

Mahoney: We have a legal requirement to process within a certain period of time. But, we would not be meeting our time, our legal time requirements under state law.

Saltzman: I just noticed in the retreat yesterday, there was a little admission that land use reviews have gone down from where they were in '96, '97, they were about 1250, and now, or last year, I guess, they were about 880. Does the staffing level go down, accordingly in.

Mahoney: We have reduced several staff over the last several years, commissioner. The budget you have got before you takes another position out of land use review. What's happening with --

Saltzman: Does it also add two new positions I thought --

Mahoney: Not in land use review.

*****: Oh, that's --

Katz: The two new positions were on the lead --

Mahoney: The auditor's office.

Katz: That ties in with it.

Saltzman: It reduces by one position?

Mahoney: Part of what's been happening in this area, and I spoke with you yesterday about, is the regulations have become much more complicated, so the amount of staffwork involved in getting an applicant to a complete application and in doing all of the review, we have to prepare a pretty signature report that analyzes the application against all the approval criteria in the zoning code, so, it's a very labor-intensive work. The cost is people to do that work.

Katz: One second. Are you finished?

Saltzman: One last point. The deadlines, the statutory deadlines, can they be waived.

Mahoney: We can but they don't have to agree to it.

Francesconi: I would first like to thank the mayor and you for already problem-solving because I don't think the issue of the reserves came up earlier about a potential source of revenue so you have already come up with what I think is a good solution. So, I want to thank the mayor and you for doing that. Second of all, I want to emphasize the problem doesn't rely with the opdr staff or with you but with the council, me included, because of a conflict in regulations okay, so I want to preface it with that but I have that we have create and had layer on, it has to do with the budget notes that I submitted prior, and I want to know if you are okay with them. On the issue of developing performance measurements for tracking, of commercial projects, this has been a source of irritation for me for a couple of years. To the point that I even voted against the fee increase as couple of years ago. We track residential property but don't track commercially, unless I am

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missing it. Are you okay with developing performance measurements, even if they are longer, that we then scale back or am I missing understanding something?

Mahoney: We do have performance measures on the building permit activity, commissioner, and that's in, that's in a report that you get from me. It's not in a report that you got out of the budget. I think they picked out the residential ones but we have performance measures on building permit activity -- they are focused on the time that we have control over -- we have performance measure for how many building permits we issue, and that's part of the report we put out periodically to you. We do not have extensive performance measures on land use review --.

Francesconi: So, the idea of customer service training, we can't fault our employees if we don't do adequate training, so are you okay with more customer service training than I think you recommended in november, 2001? Okay. And then the idea of, I don't know if it is an outside audit or an audit done again by the auditor, but comparing best practices with other cities, because a lot of -- we are hearing a lot of anecdotes about other cities, that may or may not be true.

Mahoney: The auditor is in the first phase of his offices audit, re audit of our operation. We haven't heard back from them yet on what the focus is going to be but they are doing -- they break their audits down into three phases. The first one is to do a scan and look at issues. Settle on what the issues are, do the research and then work on their report and they are still in that first phase and I haven't heard back from dick tracy. I know that they have been doing a lot of interviews and contacts but I don't know where they are at this point.

Francesconi: I think the other idea that surfaced at the time you presented this to the budget, to the city council back in october was the idea of a moratorium on new rules and regulations, until we get our, a handle on this. I think that we talked about two years, which may be a bit long. I suggest in this budget note a year. How do you feel about that?

Mahoney: As you indicated, I made a recommendation a couple times but I think that there are a number of considerations --

Katz: We are not getting into budget notes and commissioner Francesconi, those are operational notes, and I will handle those when I assign opdr as to what needs to be done. We do want to give another commissioner the opportunity to make some of those decisions.

Francesconi: This is just important on helping me decide how to vote on fee increases

Katz: that's fair enough. I just -- are there any further questions because if there aren't, I want to make sure that there are people in the audience who a busy life and we don't need to be here.

Sten: Well, we aren't going to vote on it today. I appreciate your approach, margaret, I guess the question, which is really a question to the proponents and opponents of these fee measures, that I need some feedback on as we move forward, is how folks who would not like to see this, I think there is good questions on both sides. We kind of through the issues -- I think it's a real reasonable proposition given where we are economically to take money out of the refers and get tough but my fear is we are setting ourselves up to the brink of a cliff next year without so, we need to do some work on both kind of regulations, how can we get margaret's cost down, and we need to, if we are going to spend some time on this, negotiate some, some friendly, hopefully, agreements on how we approach this, this year and next year. So the question would be -- as we hold off, and is much for people who are going to testify, how are we going to constructively get this addressed because ultimately we could be in a lose-lose situation if we make -- if we raid the reserves, push the fees into next year and suddenly we are in the same economic condition and it goes up even more because we haven't solved that. A lot of that is the council's problem but a lot of it, how do we see getting through it, and it's probably just so much for people who are testifying because what I am worried about is a rash decision today that sort of handicaps both sides for the future so, kind of, how do we work through this and get to something that makes sense for this community.

Mahoney: Did you want my response?

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Sten: Absolutely.

Mahoney: I wouldn't recommend rely solely on the reserve to reduce the burden this year because I think you are absolutely right. We are probably creating a signature hole for ourselves next year. I do think that using it as a partial answer may be a good thing to do this year. I do think, as I told you yesterday, we need to do something about the regulations but I don't have responsibility for all of that, but I am more than happy to work on it. I think taking a little time and having some discussions amongst our staff, other bureaus and constituent to say come back with a package is probably a good thing to do at this point.

Katz: You are referencing the, the issue in front of us right now?

Mahoney: Yeah.

Katz: Okay.

Sten: Okay.

Katz: And then if there are general -- I just want to make -- if there are general fund implications, if you can't draw the reserve down all the way, but you can draw it up to a certain point, then we need to know what the gap is and then I need to recommend to the council when we do the adopted budget where the cut -- where to cut.

Mahoney: Thank you.

Katz: All right. So, please keep your testimony to the conversation we just had. And those of you that have some extra, and I think that there is some expertise here in the room, please respond to commissioner Sten's question. We are not -- as long as i'm here, and I think as long as the council is here, we are not going to get ourselves in the same situation the state finds themselves with continually one-time draining and draining and draining and not coming up with any solutions so, for the short period of time, we may be able to get out of this, but at some point, we are going to have to face reality and keep the city solvent. All right.

Katz: Robin, you are the house expert on this panel, so I would be more than happy --

*******:** Amend, I would like him to start first.

Katz: He can start first but you are the one that has been doing this a long time ago. I would like to hear from you. Kim, go ahead.

Kim Kimborough, Association for Portland Progress: Okay. Mayor Katz, commissioners, i'm kim with the association for Portland progress, 520 southwest yamhill. I'm here also representing the Portland metropolitan chamber of commerce, with whom we will be merging on the 1st of july. My testimony is clearly in opposition to the proposed increases for land use development and site development fees. Our opposition is really two-fold. First, it increases the -- the increased costs discourage development expansion and reinvestment in our city. Secondly, there's an absence. They are further evidence of an absence of regulatory restraint in the city. It is well accepted that Portland's economy is in its worst, in the worst shape it has been in for nearly two decades. It seems inconceivable given that fact, that the city would choose now to add new review fees and increase existing ones. These fees and increases go to a business's bottom line, and really hurt the small entrepreneurs, the one and two-person operation, extremely disproportionately. But, perhaps more importantly, business today is being strangled by regulations. You probably saw, and I hope you did, randy gragg's article about the danmore replacement housing recently. This experience is not unique, unfortunately. Nearly every business or property owner doing any sort of development in the city from a store-front improvement to a new building has run across such a tangled regulation. Instead of raising fees, we offer the following course. First, keep land use review fees and site development fees at their current levels. Nothing makes less sense than a slow economy in raising the cost of doing business in a particular jurisdiction. Number two, institute a regulation moratorium for at least a year as has been suggested. The system is obviously cumbersome, confusing and we collectively need to find a way to fix it. We have talked about this for a number

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of years. Thirdly, place opdr under a commissioner dedicated to achieving real regulatory reform. Leadership has to begin at the top. We applaud some of the staff recommendations, but there's got to be implementation. And fourthly, implement an intensive regulatory reform program involving those who are subject to the regulations in a meaningful way. Nothing will reduce the cost of doing business, speed projects along or reduce the size of government more in an aggressive regulatory reform program. We realize by not implementing this fee increase, opdr will have a budget shortfall. On the one hand, there is savings within opdr, itself, administrative costs, out of town travel, education, and elsewhere that could cover a large piece of this projected shortfall. In light of our call for regulatory reform, we would also support reallocating all or a portion of the fund, the 367,000 allocated for the river plan. As demonstrated by the healthy streams proposal, we have every reason to believe that that project is going to do nothing but make the situation worse by adding a complete new level of regulations that further stagnate the process and cause more need for additional revenue sources. Perhaps more creatively, money might also be saved by outsourcing programs like the neighborhood mediation center, and there are substantial savings there. The point is, with all of this, and we are not trying to step into your shoes, but there are sources. There are other ways to solve this problem other than raising the fees and offsetting the shortfall. In closing, please send a message to the business community. They desperately need to hear this, that the city seriously understands that quality of life begins with a job and that economic development happens not with more visions or more task forces, but with controlling the cost of doing business inside the city of Portland. We need your help. Thank you.

Katz: Thank you.

Robin White, Executive Vice President and Director, Commercial Real Estate Economic Coalition: Mayor and members of the council, I am robin white and I am here today as executive vice president and director of commercial real estate, economic coalition. 1121 southwest 5th avenue. And actually, I think kim has pretty much outlined our position from most of the development community and I won't reiterate that, that's in the letter. A couple of things I do want to stress, however, is that we do need the regulatory moratorium, and that fits in very well. In fact, with the possibility of using reserves, which would get us through one year. Could give us that ability to, to, to look at what the problem is. Commissioner Francesconi was right in saying that the problem is not with opdr. We are not here to land-bass them. But the problem is how confusing and how to get through the layers and layers that we have. So I want not want to use all the reserves. I think I served as the budget advisory committee for the bureau of buildings for many years, and that was always my understanding of what the reserves were for. But what I am here for today is to talk about some of the commitments that city council made to the development community. Two years ago when we were here testifying on, on the fee increases, we agreed not to oppose the fee increases at that time and in return, the council agreed to do several things. For to develop performance measures that would track the progress of opdr towards the goals of blueprint 2000. To create and fill a position that, that was solely responsible for working on and eliminating the conflicts within the code, the 800 conflicts. The proposed fees were not supposed to go into effect, or I think they might have gone into effect but they were supposed to be renewed at the end of the year when those benchmarks were adopt and had shared with the business community. And finally, the council recognized the inequity in fees between the commercial permits and the residential in that the commercial permits were subsidizing the residential permits. And at that time, they agreed to develop a process and formula to come up with that needed equity. None of these things have happened. I heard today that margaret said, she does have performance standards in a portion of it, but it has not been shared with the development community. In addition, last spring when it was on the calendar, app, boma, other business organizations agreed not to oppose it. In return, the city agreed to look at all of the fees to see where the burden was and to try to

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eliminate the burden on the business community. In fact, I think you started a process with the, with the county to look at these fees. But, nothing happened there. And as kim said, we need your help. I've been here in the past supporting the increased fees but the situation is different now. Our economy is in a slump, and business just can't afford to keep bailing out the city. And unfortunately, I guess we are concerned that if, in fact, we agree to the fees now, and none of the other things occur, the regulation moratorium, looking at ways to streamline the process and stuff, we are just concern that had we will be back next year for more fees.

Katz: Your time is up.

*******:** Thank you.

Katz: You aren't bailing the city. We are subsidizing those fees. Thank you. Go ahead.

Craig Honeyman, Executive Director, Associated General Contractors: Mayor Katz, members of the commission, or members of the council, my name is craig honeyman, I am the executive director of associated general contractors, 9450, commerce circle in wilsonville. Thank you for giving us some time this morning. The basis for my comments are a letter, which was distributed to you. I'd like to point out, as with other groups, we have been working with you for many years in participating in the city's development review process. We were a part of blueprint 2000. We are represented on the development review advisory committee, and we, too, provided earlier testimony on opdr fee increases and in fact, in exchange for what we hoped would be a streamline process, also did not oppose a prior fee increase. However, today I am here representing the strong opposition to the proposed increases for the land use review and site development fees as proposed on may 23rd. These fee increases and the cost of development that they represent discourage economic development and recovery from our current recession. And in light of the city's current interest and reinvigorating the economic development and diversification strategy, we find this a signature step away from the business-friendly attitude and image that many, including adc, maintain as integral is to the success of such a strategy. Further, it is not apparent that, to us, that these fees buy us anything in terms of a process, that is less confusing and time consuming. Blueprint 2000 identified outdated conflicting and confusing city regulations that were signature barrier to say a streamline-permitting process. A code maintenance program was created to remove the regulations. We submitted it's not work. That program, itself, has developed many of the characteristics that was designed to fix. Moreover, additional regulations have replaced those that were eliminated. To, to be responsive to commissioner Sten's request for suggestions, at the risk of reiterating a couple, we, too, maintain, suggest that the fee level be maintained at its current level, that a 12-month regulatory moratorium be implemented. Let's fix what we have got before taking additional steps, before taking new initiatives. We suggest the implementation of a comprehensive regulatory reform program. Now is the time for the city to show that it's business-friendly by reducing the negative effects and cost of development regulations on business. We, too, suggest a reallocation of funds allocated to projects not in keeping with the new commitment to cover the cost of development fees and to see the regulatory reform effort. Further, we suggest the assignment of opdr to a commissioner who will take these challenges to heart and affect meaningful reform and streamlining through the process. Give the development review advisory committee strong direction to assist opdr in the streamlining process so that some of the successes that have been achieved can be replicated. And finally create a higher standard of accountability via regular public reports as to how service is being improved. In conclusion, let me just say that our beef is not with the hard working people in opdr. Rather, it is with the city regulatory process. It needs review and reform, especially at a time when governments throughout the region are looking for new ways to grow their economies.

Katz: Thank you.

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Sten: Question. As the veterans of blueprint 2000, I hear the message that the advice didn't get heated, but do you get any kind of more specific sense or can you get to me at some point kind of where, you know, based on your expertise, which I think is, you put a lot of time in on this, where we should be focusing in, you know, because I just -- what I don't want to do here is have a general call for regulatory reform to be blinding a political response upgrade and here we are two years ago because I heard you loud and clear. You told me you thought this would work, others thought it would work. Apparently it hasn't worked so where should we be honing in for those who are part of the process that got us here, no offense?

Katz: Well, you don't have to answer that question, but it would be nice.

Sten: I am not blaming you, we have all worked on these issues in the past and it hasn't worked and now we are going after each other so we are going to need to get more specific to solve this, time around.

White: And I think that the, you know, the suggestion of using the dollars from the river renaissance plan is just one suggestion. This is not an easy problem to fix. And it's not just with opdr. But I guess on behalf of members, we certainly would be willing to sit down and brainstorm. I think, though, starting at, looking at the cumbersome regulations we have and with each new program, we get several more stacked on, I do believe that if we can see where the overlaps inner the con -- and the conflicts are in, the long run it's going to save time and money for everybody. And that's a good starting point but we would certainly be willing to work with the city on, on brain-storming.

Sten: Do you think it's possible to get some sense from the membership, yeah, where are -- I mean, the code sticks, you know --

White: There are people here to testify who served on the blueprint 2000 users group or whatever it was called that might be able to give you some specifics on that. But, I know that people working with the process on a regular basis can sit down and tell you exactly where the problems are.

*******:** Abc will --

Katz: Identify for the record so we know who is speaking.

Honeyman: Craig honeyman, abc. We have been involved with blueprint 2000 and will continue to be engaged. In fact, we were engaged even recently in discussing, trying to hear some of the grievances with now retired commissioner. And we will continue to work together with you to try to address some of those issues.

Sten: Thank you very much.

White: Thank you for the opportunity.

Katz: All right. Let's continue.

*******:** Okay.

Katz: Who wants to start?

Patti McCoy, Columbia Corridor Association: I will start. I am patti. Good morning, mayor Katz, good morning, members of the council. I am here on behalf of the columbia corridor association, to comment on the proposed opdr fees. I've shared with you before, or many of you, that in the last year, 222 companies have gone out of business in the columbia corridor. Resulting in over 12,300 lost jobs and causing over 400 million in lost wages. Once again, the city's budget in this instance is out looking for blood, our opposition to the fee increases is unequivocal. First, and I said this before in relation to my testimony a couple of weeks ago, in the proposed water, sewer, and stormwater rate increases and it merits comment again, fee increases, such as these, will disincentize business growth, and ultimately slow or halt job restoration and creation. The city's opdr fee increases are more than just out of sync with the economic development strategy that we support and that you are promoting. These fees will contaminate the strategy. I think this is

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evidenced by jim's comments a moment ago. And I wasn't aware of these, that the number of permits has been cut, I think I heard you say, in half.

Katz: It was commissioner Saltzman, but it's not in half.

McCoy: Thank you. Second, the city made promises before as has been said by others in connection with these fee increases. Blueprint 2000's aim was untangling the knots in this permitting world. Now near two years later, we are living with those last fee increases in the system that you have acknowledged is still tangled in knots. I cannot think of a better example to share with you today and we are working with businesses in the corridor to share other examples with you to, your point, erik. But, I can't think of a better example today than a project that is long awaited both by you and the columbia corridor association. The 1135 slough meandering project. This has long been characterized as a high city priority. It was also characterized as a pure environmental restoration, also character aides as a bureau environmental restoration project t got the critical funding it needed from the partners and corps of engineers so the project partners were understandably baffled when they finally could start the project, chose to lock in the course dollar commitment only to find that opdr had decided to treat the project under their code as a development project. A move that last estimate will tack \$38,000 in city permit fees onto this project. Versus just \$800 in state and federal permit fees. Fool us once, shame on you. Fool us twice, shame on us. Now is not the economic right time for these increases. Nor is the city entitled to them right now until it works out the permitting kinks. We support the suggestions to institute a moratorium, whether it be 12 or 18 months. In the meantime, we ask you give it to a commissioner who will put the devil in the details. Thank you very much.

Katz: I am sure that they were all jumping up and down for that assignment. We need to for -- a response to that issue, that was just raised with regard to that project. Not right now, but when we are finished. Okay. Thank you.

*****: Is 135 -- the 1135?

Katz: Yes. Thanks. Who is next?

Kelly Ross, Home Builders Association: Kelly ross representing the home builders association, I will be as brief as possible. Believe many of our points have already been made by previous speakers. Appreciate your introductory comments in allowing additional time to work on this. I think if there is something new I can add at this point, is that we would like to focus particular attention on the site development fees, that as has been brought out, this is the area where you do seek 100% cost recovery from the applicants. The industry, housing industry, at least, have expressed concern about many of these requirements that have been evolutionarily added on through the years, and then the letter that I have from opdr about the fee increases, it is mentioned that two additional staff are going to be added, specifically for this program --

Katz: For which one, the site development?

Ross: Site development because they are unable to effectively monitor, they are able to educate customers, et cetera, et cetera, and we, you know, are very concerned and bewildered by why the applicants and development industry has to pay for such education, has to pay 100% when, when a signature portions of this program are to, intended to benefit the general public, and many of the programs are already provided by the applicant in terms of reports from registered engineers and believe some deference should be given to those, rather than trying to reinvent the wheel each time and review those. So I know that this, this is an, this is not intended to be, to become part of this package, but we would like to work with opdr and reexamining the site development requirements.

Katz: Okay. Thank you. That was constructive.

Lew Humble: Good morning. My name is lew humble, candidate for city commissioner.

Katz: For where? From where? Oh, for here?

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*****: Yes. [laughter]

Humble: I had more of just a question. \$250,000 keeps popping up all over the place. I understand that this increase will generate that kind of money to next year. Is this an attempt by the city to cover the cost of the special election caused by charlie Hales' bailout, which is also \$250,000?

Katz: Well, you have about 1.6 million shots at all of this. It could be to cover 18.6 million of the whole.

Humble: It just seemed coincidence that number keeps popping up --

Katz: No, it's a coincidence. Trust me on that.

Humble: Thank you.

Katz: Thank you.

Katz: All right.

Katz: How many more on this item?

*****: After these people, about 11 more.

Katz: All right.

Brian Wilson, Kalberer: Good morning, mayor, council members. I will be very brief. Since we have heard pretty much everything I was prepared to say earlier, I do agree with most of what has been said. Raising fees in a downed economic environment is not very smart, I don't think, from a business perspective. I do believe that a moratorium on regulations is a good idea to consider in the short-term because the ultimate solution is going to be regulatory reform, and I very much support that. And thank you.

*****: Would you identify yourself in.

Wilson: I am sorry, brian wilson, 733 southwest 2nd avenue.

Katz: The issue of the moratorium came up yesterday and we need to, to review what's coming on the docket. We have north macadam and some other places where there may be some code language that will need to be put into place. So, I don't -- I think we need to deal with that somewhat thoughtfully.

Wilson: I totally concur because there are a lot of projects and north macadam is an excellent example where there will be impacts to developmental city review that will be driven by decisions made on north macadam so it has to be thoughtfully drawn through.

Katz: And we will do that.

*****: Thank you.

Ken Turner, Chair, Alliance for Portland Neighborhood Business Associations: Mayor Katz, members of the council, I am ken turner, the current chair of the alliance for Portland neighborhood business associations and an organization that represents 35 business districts in the city of Portland who collectively represent over 3500 small businesses in this community. My comments are going to be brief, probably briefer than the previous comments. We do support many of the comments that have already been made, especially the ones from mr. Kimbro. A couple of reiterations. To raise the fees in this kind of economy, when we are at the bottom of a recession, 7.point plus in unemployment is the wrong thing to do. It simply does not make sense. Economic sense or any other sense. And the other issue that I know you have battled with as a council and the city battles with, and that's the image that this city has, as far as its relationship with businesses. And an additional fee is just going to add salt to that insult. That there's an anti-business philosophy within the city. This is a great place to live and work. And we should not be running business or at -- at least setting the platform for businesses to go outside the communities. Thank you.

Katz: Thank you.

Paul Verhoeven, Old Town/Chinatown Neighborhood Association: Good morning, mayor and members of the council, I am paul, here representing the old town, chinatown neighborhood

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association. And I am also director of Portland's Saturday market. I'd like to echo what people have been saying about the need not to set up more barriers to business coming in, and in Old Town, we are particularly affected by this because the neighborhood encompasses two historic districts so it's very hard to do anything in the neighborhood without a design review, and by increasing the fees on this, I think you really are ruling out the ability of a lot of the smaller players to kind -- the kind of people who originally made Northwest 23rd what it is, who are over on Hawthorne, things that are going on, on Northeast Albina, you are really slowing that process down in the city and we desperately need a revival of the retail climate down there. And so we need all the help we can to stimulate the developments. Stimulate interest and we don't need more roadblocks, so I know it's kind of a difficult situation because we are very protective of our historic districts and we want to maintain that historic character, but at the same time, we don't want so much regulation out there that the property owners just sit on buildings until they get condemned and then get torn down. Thank you.

Katz: Could you be kind enough to give me, not right now, but some examples of recently where this issue came up in Old Town, Chinatown, other than the Royal Palm and the towers that they want to build on, on it, which is a whole other issue. Can you give me some other examples? Okay.

*****: Thank you.

Katz: Go ahead. Someone start.

Roger Jones, 2936 SW Taylor, 97214: Roger Jones, speaking for myself at this time, and I will be very brief. Having, having sat on the level of service and the public planning development under the former director, Stacey and David Knolls a couple of years ago, I am a bit challenged with the speed of this amount of money that's come to the business community or to the development community in the last couple of weeks. It feels like a very abbreviated process compared to the in-depth work that folks, such as App and others of us that work on, in a committee to develop, you know, a level of service and a cost recovery system. We are able to come to somewhat of a better and more comprehensive approach and recommendation for fee increases, so, you know, as I see this rolling down the hill and I see many, many folks that I have worked with for a long time here today saying, you know, woe, let's stop the costs, I wish that there had been a better process. We could have had a chance to talk in committee, and that's the only reason that I am here.

Katz: Thank you.

*****: Peter Fry, 2853 --

Francesconi: Sounds like the word has gotten out pretty well, Roger.

*****: Yes.

Katz: Roger, we did have a hearing. This is not overnight, but it may not have gotten out as far as it probably should have.

Jones: It didn't give our organizations a chance to respond and to have time to send it out, so there's a lot of people that I know that don't know anything about it, and as they hear it, I just -- I just think that there is a better system.

Katz: Fair enough. Peter.

Peter Fry: Peter Fry, 2153 Southwest Main. There are three reasons, I think, we are in this position, and two I will mention very briefly and then I want to focus on a third. The first is that the public is withdrawing their financial support, and all taxpayers that benefit should pay, so there is a position of the city that needs to be involved in this in the general fund. And third, the constant complexity of the growing body regulations is immense, especially in regards to liability. The second reason I want to focus more precisely on is pricing your system is a very critical function, something I need to do constantly in my own business, and I think we are not dealing with our pricing very strategically, and I want to give you three quick examples. There's numerous ones. One is, for example, in Clackamas County last year, aide zone change that cost me \$1800. I did one

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in Portland. That was over 18,000. That's the fee. The work is about the same so, why is there such dramatic difference in the fee? One reason is that in clackamas county, every project goes through what's called development review, so a lot of the issues that you dealt with in a zone change were actually dealt with in a second process, when you actually had a project, so it's much more certain to the developer. Moreland does not have site development review, except for some types of projects so, it's a way you structure your fees and when you structure them. A second example on that lies in the development process results in fee along the whole way. The land use fees are the riskiest fees of all because you don't have a project. You just have a vision. Down the road you are paying building fees but that results in a project, so by having very high front land use fees, what you are doing is discouraging creative and difficult projects from even coming into the system when you could pick up your fees down the line when someone really has something that they can build. And so you need to look at the entire continuum of fees from the beginning to the end. Lastly, my special concern is the preapplication conferences, which are free or nearly free in all jurisdictions. The reason they are free or nearly free is because they have a great value on the front end in sorting issues out, and saving money for the jurisdiction and the applicant through the whole process, yet in Portland, in my opinion, preapplication conferences are becoming cost prohibitive. They just want to have one to test the waters and look into a project and see how the city would view it. And that's especially true with the churches, which are conditional uses, the museums, which are conditional uses, and the specials, the special needs, housing and the homeless facilities, which are all conditional uses, and which all require preapplication conference and enormous front end costs. Thank you.

Katz: Thank you, peter. Clackamas county is a 15% recovery of fees. That's probably the reason that they are so low.

Fry: That's one of the reasons, absolutely.

Katz: Yeah. Okay.

Dan Yates, Portland Spirit, 110 SE Caruthers: Good morning. My name is dan yates. I am representing the Portland spirit dinner boats. I want to support the comments made by kim kimbrow and others relating to opposition to the fee increases. I would like to bring a little different perspective to it, as a medium-sized business person. Actually, I am very large personally, but the company is medium-sized. [laughter]

Yates: Whenever we -- as a company, approach going into, going into expansion or any sort of project that requires a permit, no matter how minor or small the permit is, we always hire a land use lawyer and a planner because of the unpredictability and the complicated process that you just step into the process, which makes it above and beyond just the fees, just to get through the process requires a lot of professional support services that are not figured into the city's cost when you figure out what it cost for a business to get going. Or getting down, learning about whether or not they can get their project. My concern is that we are creating a city where only the very wealthy and the very large developers can afford to go through the process. We are choking the small business person out. I know at the Portland spirit, we are not going to be doing another project for quite a while because the last project we went into had over a quarter of a million dollars overrun from what we thought it was going to be because of the permitting processes. And we are going to be, thinking long and hard before we go down and expand in Portland with another project, unless, of course, there is some reform. But my concern is that the small business, which has been the, the engine of economic growth for this, for our country, does not have the resources to hire a peter frye or a ball janik to sort their way through the complex permit process that we have created.

Katz: Thank you.

Katz: All right.

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Dennis Donin, Director, CODA: Your honor, commissioner, good morning, I am dennis, the director for coda, 620 southwest main. If you are not familiar with coda, we provide abuse treatment services, their children and families each day.

Katz: Could somebody close off your phone?

*******:** I think it might be mine. Go ahead.

Donin: Thank you, your honor. I'd like to add my voice and request that you proceed slowly. I understand that the position, the position that you are in. Speaking strictly for coda and the treatment community, stability abuse treatment community, this could have a chilling effect on our ability to expand the services. There are more than 80,000 people in Multnomah county that need some form of substance abuse treatment. The concerns that I have got is the size of the increase, particularly for the conditional use permits, themselves. We are hoping to expand our women's and children's facility. We are now locking away a 15-bed facility that only allows us to have 11 children living with their mothers. We found a site to fund the money to, to purchase the building. We would like to expand that to 35 beds. 20 children living there, as well. Again, we serve a very vulnerable population, and the human -- the human reasons are incalculable but for every dollar, there is an 11 return to taxpayers and \$5 return for treatment in terms of reduced cost associated with welfare, food stamps, courts, police, and corrections, as well so, we ask you to be very careful with this. Of course, my preference is not to see the increase at all.

Katz: Thank you.

Francesconi: Circumstances I want to make a comment here, bear with me, and I will be very, very brief. I appreciate you coming here. One of the things that's worse than the fee increases is polarization that can happen over an issue like this, where business communities get pitted against others, and I think that you are reminding us that there's some common interests here, so I appreciate it.

Amy Estrin, Whole Nine Yards: Hi. I am amy, and I own a business on, in the pearl district called the "whole nine yards," the address is 1033 northwest glisan. I came today because when I opened my business in the pearl, almost 11 years ago, the most constant comment I got was, what are you down there? There's nothing there? When I went into that space, I wanted to have an awning for the building, and the cost of the permits and the design review was, it was staggering for me, and we didn't put up an awning because I couldn't afford it, and I didn't have the energy to go to battle for the store because everything else was already, you know, working. Working hard on building a business. The reason I came today was to give you just -- I know I am a very tiny fish in the big pond, but these fees are really prohibitive for a business my size. We have ten employees. We pay insurance for both full-time and part-time people set by ra, paid vacation. We do everything we can to promote a positive business in Portland and have customer service and a product that the city needs. The feeling that we get is a, as a small business is that the city looks at business as the bad guy, who is just trying to horde all the finance they can and take it for themselves, and we really feel ourselves as part of the community and we do everything we can to participate. This on that go I want to do again, which is right now happening, is an awning that would cost 3,250, and it has to be twice the size that it once had to be because the city changed the rules, so it has to be again, twice the size for it to structurally be permitted. In addition to that, there's 1250 in structural engineering permits and design review fees. \$550 goes to the structural engineering. We have to pay someone to make sure that the sign is safe, which makes complete sense to me. What doesn't make sense to me is that I have to then pay another \$550 to the design review and another \$150 in permit fees to do the same thing that's already been paid for in the structural engineering part. I do design for living and when I wanted the awning the first time when we opened the store, I was told no because, unless I wanted to go through all the finance charges, because awnings didn't suit that neighborhood. Well, I look at awnings as something that's warm

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and brings people in and protects us from the rain, which we have, and very positive thing about a neighborhood. Now I am told that the city is promoting awnings. So, basically the only, in closing, I wanted to say that I was startled to see in this site development fee issue, it said in order to make enough field visits to educate customers when necessary, and I was startled to see the word "customers," in this because this business does not feel like it is a customer to the city. It feels like it's just a financial thing.

Katz: Go ahead.

Saltzman: You were putting up an awning and you had to have a structural engineer? You said the sign, but did you mean the awning?

Estrin: The awning, excuse me. This was going to be a sign on the awning, and we have to pay -- besides the cost of the awning and the structural engineering is 550. The permit is 150. The design review is 550. So a total of 150.

Saltzman: And it's our requirement you have the structural engineer do that?

Estrin: Yeah. In order to have the awning go up, there has to be a structural engineering, but then again the design review is supposed to -- we were paying 550.

Katz: Thank you.

Francesconi: You will make -- I will make a shameless commercial. I was in her store the last week, she has the best italian fabrics in the world. I don't want my wife to find them.

Jackie Peterson, President, Old Town History Project 2644 NE 32nd Place: I am miss jackson, I am the president of a nonprofit, the old-town history project, I am also a member of the land use and design review committee of the old town, chinatown neighborhood association. I am here today not to plead for a reduction or a nonincrease of fees because I think that it leads up to the wisdom of the council to make that determination and I am not sophisticated enough to know whether or not the fee increase is absolutely essential or with other cities of comparable size, but I do want to say within our neighborhood, which is composed of a large number of historic structures, which are underutilized, owned by small property owners in case ethnic owners, and a large number of nonprofits, which we have heard about today. There is no question that an increase in the fee structure and the cumbersome code were directly in opposition to the redevelopment of these properties or the expansion and remodeling of many of the nonprofit entities in the neighborhood. If it is at all possible to avoid a fee increase, we would certainly argue in favor of that. However, I also heard some things today that I really wished -- I am concerned about. I hope that this discussion does not become kind of a subtext for a moratorium of regulations which are designed to protect the very structures that I am talking about. Thank you.

Katz: And I will is you the same question because I have a very special feeling for old town, chinatown. You know that. I need to know what barriers we placed with regard to the issue. All right.

*******:** With bob butler, wayne kingsley and sam chase.

Katz: All right, folks, let's come on up, quickly, and -- good. Wayne, why don't you start since you were faster than everybody else.

*******:** Much slower in the testimony this time, mayor, I don't have peter frye with me.

Katz: Okay.

Sam Chase, Executive Director, Community Development Network: My name is sam chase. I am the executive director for the community development network, and I think our perspective is, is a little different in that we are concerned that if approved, the proposal in front of city council today will further exacerbate rapidly growing housing cost to the city's low income families, seniors, disabled, vulnerable residents in the communities. And it just -- when the costs go up, either the number of units have to go down or the, or the, or it will reduce, or, or the prices are going to go up, the affordability levels will go up for the residents or the number of units that can be developed are

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going to go down. This week, Portland's community development network discovered that these fee increases would be proposed so we have only had 48 hours notice to do any analysis on this. We haven't done a lot but we feel that there are some significantly higher costs that will be incurred on affordable housing developments. Particularly to those below 80% medium income. We urge that had the council not increase these fees at this time until a thorough analysis is completed to determine exactly what the impacts will be to the housing stock. The analysis should include any other fees that may be proposed at the same time, if discussions are underway to increase fees that will have a highly signature impact on housing, such as water fees, transportation fees, environmental services. We would also like to know about those potential increases. I would also like to, to remind the council that in the early '90s, there was a fee waiver in place, I believe, for the affordable housing developments. That fee was, was, once the housing investment fund was funded, that, that fee was paid for through the housing investment fund, and there was funding to fund affordable housing so that seemed reasonable. The thought was, and the understanding was at the time that there would be a permit source of funding to fund that housing investment fund, and that the fee would be temporary if that funding wasn't in place. So, the funding never did come into the housing investment fund. The waivers are not back in place. We are still paying those costs. So, we think that there should still be a discussion about putting those waivers back in place much less a discussion about increasing those fees. How do we get through the reduction -- how do we deal with this budget crunch? I don't know. We have had less than 48 hours to think about this. If there are things the bureau can do to reduce regulations, that sounds reasonable to our group. But, it doesn't seem like a very creative solution in our minds to say, well, let's have the affordable housing component pay for some of these costs. We are in a big financial crunch, too, in the affordable housing industry and we are losing funding at the federal state, local levels. We are very committed to working with council to generate a permanent source of funding that would pay for these fees, but until that happens, it's very difficult for us to pay these increased costs.

Katz: Thank you.

Wayne Kingsley, President, Eastside Industrial Council: Wayne kingsley, president of the east-size industrial council. 110 southeast carruthers. Speaking for the ceic, I submitted a letter to the commissioners, which essentially contains elements which you have heard before today so, I won't bother to go through those elements. Speaking individually, I think that opdr is seriously broken. I think it needs reconstitution, just like a failed school. It's antagonistic towards business, a lack of respect for its own code and for the laws. Individuals overreach to fulfill their own personal concept of public good. There is no appreciation or accountability for jobs created or lost within the city due to their actions or costs created with projects which raise the cost of development. This is supported by personal observations and anecdotal evidence and we have all read the newspapers and the magazines so I don't have to go through the anecdotal evidence. What I recommend is that opdr reconstitute and get new leadership. It gets specific experienced managers who can bring in a new and positive culture, one that will not be devicive to the business community but one which we can work with while recognizing the relationship is always going to be, tend towards opposition. Opdr needs to be accountable in some way for jobs in the city. And they need to have standards and accountability for their own costs. We have no idea whether they managed the operation as efficiently as it could be managed, and there should be some comparisons made with other operations, to see if their costs are in line. And last, a positive recommendation, I think the code is too complicated. There are professional consultants out there in the public sector. Public sector consultants who will come in and look at your code and guarantee to cut it by a third to a half, at least in terms of volume. And I think that the complexity of the code, the white bible is more than five or six inches thick, and it creates ambiguity and I don't think that even the people in opdr fully understand all the ramifications of it. Thank you.

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*****: I am bob butler --

Katz: Don't talk into there, talk into the mike.

*****: I enjoyed this.

Katz: I know, but just look at the time to go.

Robert Butler: Robert butler, Portland. First I want to say margaret o'mahoney is probably one of the most talented members of the city government that I know. Her department should be running like a watch, and I don't blame her a bit that it's not. The problem seems to be that our city leadership loves to have their thumb on every part of development and design. And for that reason we are regulated to death. And it would be so simple to impose our standards have standards for how, how employers should work in the community, the noise standards and sound standards. The standards are there. Let them go in and do it. Why go through endless months and expense of going through all the public review, all this type 3 review. Why? Let them go in and get the job done. If they violate the law, stop them. It's really simple. That's why this is a run away train. That's the only reason. I regret that we have this kind of a problem --

Katz: That was, sir, that was a hatchet job, and that was a personal hatchet job.

Butler: I won't argue with that. I agree that there was a hatchet in that. I regret it happened.

Katz: I do, too.

Butler: I regret this happened. You are talking about a 500,000 shortfall, and 800,000 to invest us, the windmill people. Waiver of permits fees, development fees, 800,000, in the Oregonian. So, the problem is, is to streamline this. Streamline it. We used to put the code out so, people could see it. You could go in the zoning department. You could read the code. Why is it gone? Because there isn't a table long enough to put it on. By the time all the overlays, the neighborhood review, neighborhood plans, transportation plans, overlay, scenic, all that stuff, you can't -- you couldn't get on a table. It's so awful. That is a problem, and to spend more money for more staff for more plan review is very unfortunate for the city. Thank you.

Katz: Thank you, howard. All right.

Katz: Go ahead.

Bob Durgan, Andersen Construction: Bob, andersen construction. That's andersen with an "en." I am one of five members that have been on blueprint 2000, since the beginning of the inception of it. And I have represented the agc. I have a ten-year background as a consultant, and designing and installing systems. I have, you know, the best regards for margaret in the process. I think that we have come to the council many times last year about concerns about title 33, the cost to come to the department and this council take the action. It's not margaret's fault or the opdr fault that they end up being the implementors of the rules that come to this table and the planning bureau. When we originally started, the concept that there were going to be a connectivity between long range planning and new rules and opdr, so that therefore, those staff that we are dealing with the rules would have some cognizance of what these new rules might have on the impact. That got split out about two years in the process, and it got worse since then. But, that's just, you know, what government is about. And now is the time to roll up our shirt sleeves and make it happen. John, for years, had been saying that we are going into recession and we have been spending money like we weren't. It finally happened. It's going down and there's cost cuts. But, you know let's hike it up, make it happen. There are things that, you know, as contractors, sometimes report the concrete, we have to chip it out and it's an expensive project, and that's what costs money and you folks have to get to that process. But, there has to be a cognizance of the call for regulatory reform. Aiv paper here from margaret that says the cost of regulations and what we went through with that. They have done many fine pieces to the council that have been ignored. Title 33 implementation. There is a piece of paper that we got taking 13 fte's, that was an add-on to this, so it's not a simple calculation of a comparison between Portland and salem because they are not even close to being in the same

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cities. You have to get down into the devil of the detail and be willing to let business get inside your organization and give you some positions that we do in the private sector.

Katz: Thank you.

Saltzman: I have a question. Did you say that you felt that the separation of planning in the long range and in the land use, opdr function has not worked?

Durgan: It was, you know, my opinion, a year and a half, we went along and presented to the council that this was going to happen. And that we were going to combine these functions. It was an original proposal on how we could consolidate so that there wouldn't be duplication of effort and there would be some consistency between plan and action. It came in a certain segment of the community decided that, that would be, that would be it and came out, and then we separated so gill kelly went off and did his thing and margaret ended up with his thing, and numbers didn't get shoved over to her and a whole lot of things that happened that is history. But, I think that that was a major shift in the paradigm of the original concept of the blueprint 2000. And what we are talking about now is what we were talking about five years ago. How to get to now without starting over again and tossing out the imperial knowledge that's been part of blueprint 2000 in draft. We have to have some means of consistency in history and thought without just doing another committee and starting from scratch because you lose a lot of money in the process.

Katz: Thank you.

*****: Vera Katz --

Katz: You need to identify yourself.

Peter N. Gates, President, Gates Electronics & Security, CEO of NW Excaliber.com: Closer to it. My name is peter nathaniel gates. I am president of gates electronics and security both here in Portland and in astoria, but I have been a contractor here for over 13 years, and also I am ceo of new internet company called "northwestexcaliber.com and gates international limited, both all located in the pacific northwest. My proposals here today, to put it bluntly, I could solve all of the budget issues and the Portland police, the land use planning, pretty much the entire pacific northwest.

Francesconi: Put parks in there, too, would you?

Gates: Everything. Parks, columbia gorge, everything right now, and I am only 37 years old and I was taken me this long to get here. So if somebody would bear with me for a minute.

Katz: We might give you an extra minute.

Gates: My proposal with my main corporation, gates electronics and security since I have been a contractor, I have worked with hoffman construction, at intel. The Portland public school district as an electrician. Kept on getting laid off and rehire and had worked for Multnomah county district, and the expo center, as an electrician. I have worked all over the northwest and all over europe, too, when I went to the university of Portland, I got accepted to salsberg, so I am well traveled and educated with a bachelor's degree from the university of Portland in history. All I am proposing is that my corporations, along with every other city, state, and federal government and every small business, and every forestry department, anybody that's -- even the homeless and unemployed and drug addicts and everybody, is worth value. They have a value, and I propose that we cover them in a, in a multinational umbrella corporation. That's the, the northwest excaliber.com. What I propose on this date is that my corporation will provide laptops for every city employee in this city as of september 1st. Also, I will donate a fleet of 50 toyota cars, with the electric hybrid cars for the city to use, and on the september 1st, I will give the Portland city police a fleet of bullet-proof armored cars fully trained to drive them at high speeds if we have to bring in test track drivers or take them over to the ring where they test drive the mercedes, we will, we can do it, it's a multinational corporation, but all of us are independent. I am not trying to propose my views on anybody. What I am saying is that we all got together, we could save funding, like I wear a lot of corporate shirts.

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Nike and columbia sportswear and everything that is around here. If we donate our time or do it at cost plus 10%, across the board, we can save all this money and basically get ourselves out of budget. For the astoria school district and lewis & clark school district where I was originally raised from, and my mom is a teacher for 24 years and just died at the age of 82 in my arms in november, I am going to the school district and saying my corporations will provide full scholarships to any college in the entire world, as long as your kids graduate with a 3 point 0 or better, and have no drugs or police involvement, period.

Katz: Thank you.

Gates: For Portland, I want to give, to the city of Portland the same opportunities for all the students here, or around the pacific northwest, if they want to go to school here, great if, they want to go to school in europe or japan, we will do it. We can do this if we all donate our time and energy. Everything would be at cost plus 10% across the board. We would make arrangements with general contractors, starbucks, whoever you guys do business with right now. Your sewer system bills and all that, that would just scrap the whole thing and get all new equipment at cost and get the sewer system going where you don't have the outrageous bills and people are like freaking out.

Katz: Thank you, thank you. Your time is up.

*****: My time is up, okay. Well.

Katz: Questions? Thank you.

*****: That's all who signed up.

Katz: Anybody else want to testify? Thank you.

*****: Thank you very much.

Katz: Denise and susan, you want to come up?

Susan Feldman, Office of Planning and Development Review: I believe that robin white talked about blueprint 2000 wanting to propose to reduce regulatory conflict, and I think that there was one position that was actually never funded. The rules coordinator. I wanted to point out that, that's what she was talking about. And she also mentioned code maintenance position, and several years ago, we actually did increase our fees a couple of percent to deal with the daily glitches, the glitches in the code and the issues that really did not let development happen, where they were just nonpolicy, but areas in the code that created some small conflicts, and really, I think the development community benefited from those. It's called the "code maintenance project." we brought two before you --

Katz: Council just approved --

Feldman: Approved the second one. We are working on a third one. We did hire one staff person to work solely on that, and that person right now is looking at where we can reduce costs of regulations in the code. That's one of his missions. We have come up with a list of, of proposals, some of which would -- are pretty policy oriented and I think we are working with the planning bureau, the planning bureau -- we are not -- our agreement with planning is that we don't do major policy changes. That's the bureau of planning and we do work closely with them, soy just wanted to clear that up, that we are -- we do communicate very well, actually. But, douglas hardy is working on some areas of the code where there are some redundancies, where we have regulations that are also regulated in other city codes. And so that's going to be the next package. So, I think it's just important to know that those of us that implement the code are looking at where we can cut costs. The cost of regulation, but not big policy issue. That's really up to council to propose those things. Did I miss something else?

*****: There was one issue --

Katz: Identify yourself.

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Denise Kleim, Office of Planning and Development Review: Denise kleim with opdr. There was one issue that came up from patty with the columbia corridor association, and we will look into that case that she mentioned where she indicated that there was a project where the project was treated differently and additional permit fees were charged so we will look into that and get back to you on that one.

Katz: All right.

Saltzman: It's a natural habitat restoration project.

Feldman: Right, it's the slough and --

Katz: All right. Let me reiterate where we are. We are going to delay this for three weeks. Margaret is gone in two weeks so, we will do this within three weeks. The issue, there are really three issues. One is the level of subsidy by all the taxpayers for these fees. And that's an important issue. The other one is to, to, to answer this issue, we need to feel comfortable or I need to feel comfortable on the level of reserves and how long we can tap into them and more importantly, how much. And then the continuation of the, of the regulatory reform work, the blueprint 2000 started and commissioner Hales worked on with staff, so those three areas, I think, we need -- two of them, we need to address immediately. The third one, it will take a little longer. So, that's, if that's all right with the council.

Saltzman: I would like to indicate, one further tweak, maybe.

Katz: Sure.

Saltzman: I guess I would, after what we have heard today, after listening to this issue and the parameters, I would like to suggest we don't increase the fees. We take 250,000 out of opdr's reserve, and when we deal with this issue in three weeks, we also adopt a resolution on an 18-month moratorium on new regulations, again those mandated by state and federal law. And I don't think that this affects things like the marketville plan or north macadam. What it affects is the underlike issues, site development, all those other things, that's the thing we need to adopt, the 18-month moratorium on, if we are going to adopt it, in 12 months, it is way insufficient soiled like to have the resolution. We talked about how complicated it is but it's not that complicated. I think it just requires us to do it. So I would suggest that we have a resolution to do it.

Katz: Let me add that to the list because I need to understand what's coming before us. That will be impacted by that, and I don't know that today, but --

Saltzman: It's a moratorium on the four of us up here as it is on anybody else because we are the resource of the added regulations.

Sten: I guess, while we have the audience here, I am very interested in the idea of a moratorium. I want the business venturers who are here to do some concerted thought and give me some parameters in writing before the three weeks up on what you want accepted from that moratorium because what's not going to work, you know, politically or substantively is when the neighborhood groups come in and say there is a moratorium and in the meetings, people are saying lest make sure that north macadam is made legal, which will take changes on a fast track that we say, well, that one has an exception to the moratorium, because that's something that the business community wants done and things that the other interest groups want done are under a moratorium, because there are projects that people are pushing me very hard to try and get finished before the business community that will take regulatory changes so if we are going to go with that approach, I think it's a reasonable idea to think about, I guarantee people will want exceptions to that, and I want some, some front end criteria on how people are going to approach saying this one should be accepted from the moratorium, because, you know, in all reality, a lot of things that people are pushing for will not get done under a moratorium, including things that app and others are asking us to get moving on, so I think we just need to be very, very explicit about that if we are fair, but I think it's a fair idea.

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Francesconi: So I think that commissioner Sten is right, we have to have some criteria, especially if we are going to extend it from 12 to stars what's going to apply and what's not. But I still want to see the performance measurements and apparently we have them, but I need to see those. We need to have the customer service training and we need to have the audit completed. So, those are the other additional ones.

Katz: I don't know what auditing you are talking about.

Francesconi: Well, there's a good argument, and I think that it's called for in the economic development draft report, to do an outside audit. I am not saying that we have to do that because I think our auditor can do that so I am open on the question of the outside or completing the audit done by Gary Blackmer.

Katz: Let me lay out where we are. Council will decide or not decide on the level of subsidy. I guess it's not going to be a decision, you are going to work the other end of it, the front end will work the back end. That's fine. Level of reserves we still have, I think this whole package is 500,000 so, I need to work through if we tap the reserves for half of that, where do we cut the other half. And then you will hear from me on the regulatory reform in short order. We will look at the moratorium, I will ask all of you who have issues or projects that are coming up very shortly, and I think that commissioner Sten made a good point, there are other, there are other parts of this community, as well, and this is not a cut and dry issue. There are citizens living in the city of Portland that have issues that are addressed or will need to be addressed by code. And in addition to that, so I want to make sure that you all give me shortly what those projects are, and north macadam, we know is one. There may be others within the environmental community, the design community. I am working on a design initiative. You may want to delay some codes there, but if you are doing a moratorium on code, I can't delay code. So, it has to be thoughtful. And then the issue of the performance measures. Okay. Thank you very much.

Saltzman: One last thing. On the moratorium, I am serious I would like to have a resolution before us in three weeks because that will start the bells ringing for the large communities to be involved. We may not have the list right in three weeks but at least we will have a list. Starting point, and then we will get the neighborhoods involved and they will hear about this today, so they won't be caught by surprise and say, nobody told us about this, and three weeks to me is an adequate time to develop that list. We may be right, we may be wrong but then we have public hearings and we ultimately make the decision, but I think if we just talk about, talk about the moratorium, the concept of the moratorium, we will be talking about it a long time.

Francesconi: Well, I think the mayor has heard you, commissioner Saltzman, and I think the resolution, including a moratorium, makes sense. I guess I just want to repeat that there's a couple other issues we need to address in that resolution and I am confident that we can work it out. By the time in, three weeks. Because it's going to be important, about how we vote.

Katz: I just -- I caution everybody again with regard to that. It's simple but it's very complicated, and I support a notion of a moratorium. I want to make sure that we understand what the impacts are, we start checking up, accept this and accept that and accept something else. All right. Let's move on. Item 594, 597. It would be 595. I have a different coding.

Item 594 and Item 595.

Katz: Sorry we are still on the previous subject. Go ahead.

Nancy Jesuale, Director, Communications and Networking: My name is Nancy, the bureau director of communications and networking.

Jeanne Premore, Director, Multnomah Education Service District: I am the director of network and information services for Multnomah education service district.

Scott Robinson, Chief Technology Officer, Portland Public Schools: And I am Scott, chief technology officer for Portland public schools.

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Jesuale: Good morning. As you can see, I invited two of our partners to help me present this item to you because they have been very involved in negotiating this agreement and supporting this collaboration with the city, with the cable commission, and within their own organizations and I am very pleased that they were able to come this morning. The item before is you a contract between comnet and at&t broadband, and it allows us to essentially leverage the assets that at&t has put into the institutional network to extend earning services via fiber all the way to the schools, the firehouses, the county buildings, about 200 plus locations today that otherwise we wouldn't have been able to get to. Or we would have had to pay to build to. So this is a wonderful opportunity to extend the earning. It's been a multiyear process of collaboration. It's taken a lot of time and energy on all of our parts, and has ultimately resulted, I think, in a very positive relationship and understanding between at&t broadband and the city, and I am really looking forward to the opportunity to implement this network. Completing this agreement does also -- it completes a major portion of the earning business plan because it really does provide us the facilities to bring on our outside partners at very good rates for very high services. This is something that even using the qwest network would have been impossible to do. So, we are very thankful that at&t has worked with the commission, the cable office all these years to provide the inet and we are delighted to have an opportunity to leverage it and the earning to the region's benefit. And with that, I think I have said enough about the contract. I hope you have all the information that you need, and I am very happy to answer questions. I would like to turn it over to jeannie and scott for a moment.

Katz: Okay.

Premore: Well, nancy covered a lot of the history that I was expecting to cover.

Katz: Identify yourself for the record, again.

Premore: Jeannie, director of network and information services for Multnomah education service district. We provide the telecommunication to say all the school districts in east Multnomah county, and together with Portland public schools, there are about 200 school sites, and approximately 95,000 students that will be affected by this rate impact on the network. We are very excited about those possibilities. Currently our schools are locked in, in the old days of technology. They are not able to advance. We have video conferencing equipment that was provided through the Oregon legislature that we are able to use because of the limited band width. We are anxious to be able to get those out of the closet, get them used, get them in the classroom, and take advantage of those teachers who are technologically advanced so that they can share some of the projects that they have created that are online interactive and it will allow our schools to begin to provide some of those really hard-to-offer classes. We are very excited about this project, and we are just thrilled to death to have had nancy to lead the way on this project because I think that we would still be struggling if it hadn't been for her and her great staff of engineers. Her leadership, we have lots of confidence, the consortium that was created last summer includes Multnomah county, city of gresham, city of troutdale, and Portland public schools. So, it's a huge consortium. We are all going to benefit, and we are excited, so I would really like to recommend that the council support the resolution 594.

Francesconi: Can I ask you one question, please, can you just give us kind of a practical example of what connected the network could do for one child in one classroom. What kind of interactive experience will this child be able to have that she, that he or she wouldn't have been able to have?

Premore: Currently, there are lots of online curriculum that has been developed in the state of Oregon, and these are currently being taken advantage of in southern Oregon because they have fiber networks, and we don't have that in the metropolitan area. We just -- which is just a shame, and so, those -- it's -- actually, online classes in a particular class of third, a third grade class all the way up to a senior class, it could be a japanese class that can't be offed in all the schools and at one

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particular school maybe they have the expert teacher to provide that, and they can do it online video, and two-way interactive.

Francesconi: Okay. And then maybe we can figure out how to fund them when we see the education excellence that can result.

Robinson: Good morning. Again, I am Scott Robinson, the chief technology officer for Portland public schools. And I am here to make a few brief comments on behalf of the agreement that you have before you, and speaking for the Portland public schools. First and foremost, I would like to thank the city, itself, and its staff for supporting throughout the irny inet negotiation in the movement forward on this project. You have pending before you, the project, it's about the interconnection of this. And we encourage you to authorize this agreement between the city and at&t. The acceptance of this contract will begin a process in which Portland public schools can begin to start offering high access, high band width access and high quality access to band width and networks that are currently not available to us. We have instructors that we can afford. Commissioner Francesconi to, speak to your question a little bit more, for Portland public schools today, with the exception of four out of 100 school locations, we do not have voice in the classroom. And the establishment of inet irne is the first step in moving towards being able to voice in the classroom by using new technology that uses internet protocol. So with this network in place, we can begin to make that kind of a transition as we move forward. We still had the challenge, of course, of your sec question, if you will, on the funding issue, but this is the first step. It is an important step, and without it, we will not be able to do it. Second, I would like to personally thank in front of the, the council, Nancy Jesuale for her efforts in moving this particular initiative forward. Again, without her tenacity and leadership, we wouldn't be here today. We would not have an agreement in place, and we would not be in a position to begin to provide new services to schools, municipal governments and county agencies. The capabilities were represented by this interconnection of inet and irne are a signature opportunity to voice enhanced data and voice services. This really does provide the opportunity to move us into the next generation of technology. And most important at a cost that we can afford. , so, with that I would like the city to support resolution 594 and approve this contract.

Katz: Thank you. And Nancy, I need some help. Do you want to hold both of those over for next week because the ordinance is a nonemergency ordinance.

Jesuale: Actually, I think that's been corrected. This is an emergency --

Katz: It is? Has that been corrected.

*****: 594 is an emergency. 595 is not.

Katz: 594 is and 595 is not.

*****: And that's the next item that David -- David will lead the way on.

Katz: So you want us to act on 594 today?

*****: Sure do.

Katz: All right.

*****: 595 is a franchise, which by law needs a second reading, so that's --

Katz: All right. Thank you.

Sten: We have the asterisk on the wrong one.

Katz: Anybody else on 594? Come on up.

Sten: I was hope that go Debbie would testify so that I could thank her.

Katz: Anybody else for 594?

Debbie Luckhold: I am Debbie, with at&t. Mayor Katz, members of the council, I would just encourage you to please approve this agreement. A lot of work has gone into it. Kudos to Nancy, Commissioner Sten's office, David Olson's office and his staff. This, I really believe this is, in many respects, is a very historic day. This interconnection will result in, in very signature reduction in

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costs to many of the jurisdictions, school districts and the municipalities, themselves, so I would ask you approve it swiftly and let us get underway with it.

Katz: Thank you.

Francesconi: I have a question for you. I remember when irne began there was some questions on at&t's part about irne. Does this signal that maybe we are partners on this now?

Luckhold: Such a question you ask, commissioner Francesconi. [laughter]

Francesconi: I couldn't resist, i'm sorry.

Luckhold: There are -- the city has established a policy under its telecommunications franchises whereby in some instances, it has required the provision of conduit and fiber as a condition of securing the franchise. We still believe that that is an unlawful requirement. Some of the infrastructure, to the best of my knowledge that has been secured under those franchises, may, may or may not be used as part of the irne. We still question whether that's a lawful use of that capacity. And I certainly would not say that other telecommunications providers, at some point, could include at&t, may challenge the lawfulness of requiring that infrastructure. That set aside, the irne consists of additional infrastructure that is part and parcel of many networks that exist within the jurisdictions and within the city. We believe that in this partnership, using those portions of the irne that have been lawfully provided for, is very important, and yes, this is a partnership, but insofar as the question that I have discussed with you previously, regarding that requirement of securing the franchise, we still question the unlawfulness of that.

Francesconi: Your answer was clear, thank you.

Sten: If I can -- I wanted to thank her personally and just say a lot of couple of quick thoughts on this. When, you know, Portland and at&t had an argument about access, it was pretty well documented a few years ago. Debbie came to me early on and said that, you know, we can argue about these things, but at&t will be doing business here, and we need to keep that argument clean and isolated and both sides should argue hard but we will need to work together on a lot of issues, and at&t really has been the word on that, and I wanted to thank you, and particularly recognize that I don't think that debbie could do anything if the corporation wouldn't backing her but I think that debbie influences the corporation to make sure that there is a way to do business in Portland. And on a similar vein, executives from comcast, and we will talk about that, came through town about a month and a half ago and made it very clear that they want to be good partners and that they understood that we had some community needs, and we recognize that we, once again, have a legal dispute around the franchise, whether we can require things, and both at&t and comcast jumped very quickly to a very important observation, which was if we could agree on something, it didn't need to be argued through the franchise. And so I just want to recognize that, I think, you know, not only is that good, good response of corporate citizenship, it's remarkable, also, given the fact that we have had some hard commitments that have been pretty damaging to at&t, obviously, and they have really been there to keep working with us on these other issues, and I think of, you know, it's important, irne is equally important to a whole team of children and governments throughout the city and the region, so I really want to compliment and you thank you for the way you approached this, what could have been a very difficult situation.

Luckhold: I appreciate your comments, commissioner Sten, and kudos have been paid to nancy. I would just like to say that this is a very complex agreement and we negotiate it had in a very short window of time due to everyone wanting to move it forward, so my compliments to the city staff, as well.

Katz: Thank you. And debbie, let me pay you back and thank you, too, you know, commissioner Sten is right. We had some heated words, not only you, judy pepler and qwest, but you are their representatives and we need to work, continue working with you because you are going to be here

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as commissioner Sten said, and appreciate that, his effort, as well. Okay. Anybody else on 594?
Roll call.

Francesconi: Well, despite some of these continuing disagreements that we have, there is agreement that irne is a terrific tool and there is a real, I think, for the public sector in irne, and this partnership here, the purpose is getting information and connecting our citizen, especially the young people in the broader world and educational opportunities, so here's a role that the city can play in doing that, that's cost effective for our customers, but also shares information and it's a partnership, I am really pleased to see this partnership with at&t because there's a role for the public-private partnerships, not all done with the public sector, it's the partnership with the prior to sector that can really advance irne in such a way that we can make this successful for all of the east Portland neighborhoods, all of the schools, the whole city, so this is a good thing, and we will have challenges and disagreements as we move forward in this, and, but we can find enough common ground that we keep moving forward, and that's the key here. Aye.

Saltzman: Well, it's a great agreement, and it's really good work on, on all parties involved, and I guess at&t, we are going to need you when nancy comes to us next about doing a trench across the pacific ocean so, we will need your help to stop her in that one. Aye.

Sten: I would just briefly say that, you know, as the world is really changed economically with technology, there's kind of a constant argument that I find myself in the middle of, of whether or not the public or private sector should be providing the services, and I think the actual answer is that we have to rethink how we provide the services and find the right role in this moment in time for both, and we would fail miserably without the public and private sector, I am too big that I want to admit I am a customer of the at&t's movie channels and I don't think the public could provide that service, but there is also because technology has changed, a way to deliver some of the basic infrastructure in a much more cost effective manner using this public irne, so really, for once we got the mix right on this thing. It's not a public or private, it's kind of trying to get both positioned to do very well. I have thanked comcast, at&t and debbie, personal am I would lining to thank david Olson and the team at the cable franchise office. His representatives are here. Marshal, from my office who spent a loft time to get this nailed out. The mayor's office, and of course, nancy, who has been a visionary on this. Thank you. Aye.

Katz: Good work, everybody. Especially you, nancy. Thank you. Aye. All right. 597. Come on up to testify. David and team. --

Katz: I am sorry, yes, 595. I won't even explain why your 595 is my 597. But go ahead.

Item 595.

Alan Alexander, Vice Chair, Mt. Hood Cable Regulatory Commission: Good morning, mayor, and council members. My name is alan alexander. I am the vice chair of the mt. Hood regulatory commission. And along with us is bob and I serve as Portland representative for the commission. First of all I want to thank you for passing the resolution before this one because it's been lot of work on a lot of people's part, and the commission has been involved for many years on this. I personally have been, got involved in this when time warner was the person we were talking to about the inet so, it's ban long road and I am very happy to see it finally reaching some type of good conclusion. The commission unanimously voted to recommend to you that the proposed change of control of your franchise from the at&t corporation, the at&t comcast corporation with certain conditions in your ordinance, and the commitments made by the company on your behalf. We arrived at this recommendation after careful study. Public input, and lengthy negotiations with the cable operator. Our recommendation is not only based on our review process, but also on the commitments by the company, certain conditions, including the interconnection of the company's cable institutional network, inet, the regional communications network, irne. As flecked in our own regulation actions and also in the final approval -- as reflected in our own regulation actions and

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also in the ordinance you just heard. Without the inet irne interconnection and operating agreement, crc would have been extremely reluctant to send us a favorable recommendation to you. With that agreement in place, however, we believe it is now reasonable for each jurisdiction to consent the proposed change of control subject to various other conditions that we urge you to include. According to our information, the company resulting in the merger of at&t broadband and comcast, which will be called at&t comcast corporation, will become the indirect parent of your current franchise. However, we assure you that we have done everything possible to the extent of our legal ability to insure that the franchise will continue without exception to be fully responsible for complying to all provisions in the current franchise. Moreover, we concluded from information submitted by the company that the merger should not, itself, adversely affect the finances of the franchise, the management or operation of local cable systems, or the compliance with the terms of your franchise. We held televised public hearing on april 29th and received valuable input from the public and interested parties. As a result of the input we have been able to address a number of critical issues separately. We did this through a separate letter of agreement with the company and then the separate commitment resolution where we laid out specific action plans and directed our staff to follow up with all signature issues which arose in that process. Although the commission and the cable company may not completely agree on whether each of the issues that came up should be addressed in the consent process, itself. We worked very hard to address all the major issues that arose, and we believe that we can assure you that the following issues among others are being properly addressed or else pursued with appropriate actions. First issue is the interconnection of the institutional network and inet, and the irne. At&t's customer service issues, including compliance with franchise conditions and customer, excuse me, franchise customer service standards. At&t's notice and action regarding no longer collecting or paying franchise fees on high-speed cable modem internet services. Resolution of cable access issues, including important signal quality and related technical issues. Labor relation concerns, privacy concerns. At&t's implementation of its arbitration clause procedure and at&t's decision to include nonsubscriber revenue and itemized franchise fees. In most instances, we have been able to reach agreement with at&t to address resolution of these and other issues identified in the process separate and independent from the process for consenting to the change control. In some instances, where no agreement could be reached we remain on track to regulatory and legal solutions to these issues. Most of these issues are covered in separate agreements and resolutions, which are part of the record of this process at the commission. Ultimately we are satisfied that the way it's clear for you to consent to this change of control with conditions described. Because the sec deadlines require action from the jurisdictions by the end of this month. We urge to you pass this ordinance as submitted. And finally, we appreciate your consideration of our recommendations, your continued support of the regulatory commission, and we will be happy to answer any questions that you may have.

Katz: Questions? Thank you. Karla.

Madelyn Elder, Workers of America: Good morning, I am madeleine elder and I represent communications, 7901. I live at 4520 north colonial. About a block away from going and interstate where there is a lot of construction happening. We have -- we have spoken with the support staff of the council about the concerns we have raised during the mt. Hood cable regulatory commissions hearings on the franchise transfer to at&t comcast. After careful consideration of the facts, in particular, the agreement on the irne and inet connections, cwa is in favor of the transfer. We hope that the agreement made in good faith will benefit our community where most of our members live and work. Cwa represents the at&t broadband warehouse workers in the east and west Portland facilities. As well as field technicians in beaverton. The field techs are the ones who actually show up at the customer's house when their services are being installed. They are the ones who take the heat in person when the customer is angry. The warehouse workers work shifts seven days a week

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from early morning until late at night to make sure that there's material available to the technicians. When it's needed in order to provide and/or repair service. These workers are very proud of their job at at&t. They look forward to making the newly emerged company a success and work for us, but they don't want to do that at the expense of their own lively hoods and at the expense of the communities in which they serve. The specifics of organizing and negotiations are not the issue. The issue is whether newly organized -- whether the newly emerged company will recognize the fact that the workers have that right to organize and to collectively bargain. The mt. Hood cable commission passed a resolution on it, and we support the resolution. The idea that the communities elect and had appointed officials really oversee the regulations that a corporation has with the employees, as well as the idea in general of a stable wyoming workforce, one that is committed to the community that -- stable to the workforce, one that is committed to the community. Thanks for my opportunity to speak to you.

Judy O'Connor, Executive Secretary, NW Oregon AFL-CIO: Good morning. I am judy o'connor and I am the executive secretary-treasure of the northwest Oregon and labor council, alcio. I live on southeast 156 avenue in Portland. I want to first of all thank you for giving me the opportunity to speak today on behalf of the 63,000 families of the greater metropolitan area that make up our labor council. Cwa, as madeleine said is supporting the franchise transfer, but I would like to share some thoughts with all of you. I think the council would agree that we all want jobs in our communities because our families and our neighborhoods won't be healthy without them. We all believe in fair treatment and rewards for hard work. Equal pay for women and people of color. And having health care and retirement in enough time to spend with our families. Workers are the community. Workers fill the pews of the churches and synagogues and bake the cookies for the pta sales and we are the grandmas and the grandpas. Workers when choose to join together at work are reaching out for unions. Through unions, working people make it easier to juggle the demands of work and family through family friendly work-place policies. Paid leave benefits, child care and elder care programs, and family and medical leave apt. And that gives us time to be part of our communities. From little league to church to the precinct political party meetings. In this case, the workers at the new company will still be -- will still be with the face of the new company to the customers. Whether they answer the telephone at the call center or come to your home to install your service, they want to provide the best in customer service. These workers deserve to have their choice to be represented by a union, be honored by the new company. They deserve to choose a union representation free of harassment or intimidation. I take this moment to ask each one of you, our city leaders to remember that workers are the back-bone of this city and the new company. I encourage you to accord them the respect they deserve and the protection to which they are entitled. Thank you.

Francesconi: You listed a lot of benefits that workers provide. One you just maybe didn't see, the 8% increase in worker productivity that was just reported, that's actually what's fueling the economy, the economic growth that we are seeing, little that it is.

*****: Thank you.

Deborah M. Luppold: I reside at 4640 northeast alameda. I am with at&t. Mayor Katz, members of the council, I would urge that you approve the consent to the changing control. That's before you. And I would simply like to take a moment and thank the folks on the city staff who work diligently to move this forward in a timely manner. The crc, david Olson, julia, mary beth, marshal, and asked you approve t we feel very strongly that this is a very good merger. Those of us who work for the company are looking forward to it. And we will work as a merged entity to fulfill our commitments. Thank you.

Katz: Anybody else? All right. Passes onto second. All right. We are on our regular agenda. Now, I want the council to have a little patience with me because I have all the bureaus, sometimes

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we are more cautious about putting items on the consent agenda so the next one, why don't you read it.

Item 646.

Katz: We anticipated some issues on that one, and I don't think that there are. Does anybody want to testify on this? Council, do you need to hear discussion on this? All right. Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 647.

Item 647.

Katz: Come on up.

David Reese, Bureau of Human Resources: I am David Reese from the Bureau of Human Resources. With me is Anna, our operations manager. We are here on behalf of Anna -- of Yvonne Decker who could not be here this morning. We are here to answer any questions you may have this about measure. This is much like all of our representative employees with current contracts through 7-1 of 2002. This is a 2.2% increase in rates and wages for nonrepresented and elected officials. We normally come to the Council at this time each year, and do a CPI increase to keep up with inflation. We do have a couple of bargain units, and they, of course, would be bargaining over this matter. We are here for any questions you may have.

Francesconi: You just might explain this doesn't involve the reclassifications. This is just the --

Reese: This is completely separate from that. That matter would be coming to the Council later. It's a separate issue so this is on current classifications and current rates --

Katz: This is the CPI?

Reese: This is CPI-based only.

Katz: Thank you. Does anybody want to testify? If not, roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 648.

Item 648.

Katz: All right, come on up.

Andrew Aebi, Bureau of Transportation Engineering, Local Improvement District

Administrator: Andrew Aebi, local improvement district administrator. In the spirit of those who have spoken before me today, I will keep my remarks very brief. We are here today because we are in the process of building the improvement, North Marine Drive. The Port of Portland will be paying almost \$11 million of that project cost. When we entered into an interagency agreement with the Port of Portland, we had had some discussions about the possibility of forming a local improvement district so that the Port could finance their assessment. They have decided that instead of drawing down their general fund working capital, that they would like to form an LID so they can finance their improvements, and what they would like to do is to be able to use their general fund working capital for other very worthwhile projects, such as maintaining a reasonable reserve level and funding part of the Willamette Harbor cleanup effort. One of the things that the City Code requires me to do is to look at the financial risk in terms of financing assessments, and City Code calls for a 2-1 evaluation to assessment threshold. On this particular project, we have a 9-1 evaluation to assessment ratio, so I am very comfortable with that ratio. And with that, I will turn it over to Lee Clancey of the Port of Portland.

Lise Glancy, Port of Portland: Good morning. Can you hear me? Good morning, my name is Lise Glancy, Port of Portland, 121 Northwest Everett. I am here today to request that you approve this LID for this important transportation project. As you know the Marine Drive serves our container facilities, as well as auto import and export responsibilities and is responsible for 1500 jobs in the Portland area. I also want to thank City staff for their help and the help in structuring this LID. Again, it allows us to use our general fund for purposes and spread the cost of the project over a longer period of time.

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First and foremost, I would like to thank Andrew Abbey, who is to my left. For making this possible. Erik Johansson from the office of management and finance and Dan Smith from the auditor's office also had a hand in helping put this deal together. And I want to offer my continuing thanks to Stacey Bloom, who is the project manager on the project that we are intimately concerned with. Thank you and I urge your support.

Katz: This is a 15.3 million project, correct?

Aebi: Yes. It's a \$15 million project of which they are paying \$10.9 million. If council declines forges of the lid, they would still have the responsibility to pay through the existing share agreement, so this is simply a back end financing mechanism.

Katz: It's a collaborative effort then.

Aebi: We spent a lot of time working with them, to structure the bonding issue so the city could absorb it within our capacity, and actually offers some benefits for some other lids that were needing to do some bonding for us, so it's a really win-win situation.

Katz: Questions? Anybody else want to testify? Roll call. Sorry, this passes to second. You are right. Let me just say that we've been watching the I-5 trade corridor task force has been watching what is going to be happening to assist freight, and this is certainly -- we talk about economic development, and we talk about business climate and I am going to get on my soap opera for about a second. This is a critical piece in assisting businesses to get their products to market. Thank you. All right. 649.

Item 649.

Dean Marriott, Director, Bureau of Environmental Services: Good morning, Mayor Katz. Members of the council. My name is Dean Marriott, Environmental Services Director. And with me is Bill Ryan, and Bill has just handed the council clerk a couple of graphics that will help you follow this. We will make this story very brief. As I have explained to you before, as we move through the process of upgrading and modernizing our sewer collection system, in many respects this is like trying to change the engine on a plane while it's in flight. So --

Katz: We heard about that this morning, but it was another bureau.

Marriott: Oh, was it? All right. I am sorry I used that story then. [laughter]

*******:** Well --

Katz: New York the analogy -- no, go ahead.

Marriott: Okay. I will come up with a new analogy for the next item. Basically what you have in front of you is a map that shows the collection system, including the, the Columbia Interceptor across the northern part of this city. It collects sewage from about 90% of Portland ends up in this pipeline, from east county from southwest Portland, lots of places. This pipeline has been in service now for I think it's about 90 years. When we built the Columbia Consolidation Conduit to eliminate combined sewer overflows from the slough during most rain events, it was put in parallel to the interceptor. This project involves creating a, a, a method for, for shifting the flow out of the old interceptor into the conduit during dry weather times, and, so for the first time we can provide some, some maintenance and inspection of that old sewer line. We attempted to do this work last year. We mobilized the contractor, the contractor went on-site. There were some very delicate maneuvers to try and break into the existing sewer and create this structure. Rain events happened. It became close to the rainy season. We decided that we would demobilize the contractor and have them start again this year. So, what's in front of you today is a request to amend the contract. It is substantially more than we anticipated the original expense. But, we asked your understanding and forbearance with the complexity and difficulty of this project to allow us to go forward and finish the work this year. If you have any questions, my expert is sitting here next to me and can, and will be glad to answer them.

Katz: All right. Questions?

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Francesconi: Well, only because -- because it's such a large difference, I think, does this happen very much where you get 80% increases.

Marriott: No. Hopefully you won't see this very often.

Francesconi: So, why did it happen?

Marriott: The construction was delayed by some difficulties encountered --

Katz: For you identify yourself for the record?

Bill Ryan, Construction Division Manager, Bureau of Environmental Services: My name is bill ryan, and I am the construction division manager for the bureau of environmental services. The construction was delayed as a result of, of some unanticipated conditions. The first one was that, as we broke into the sewer for the first time in 50 years since it was constructed, we encountered a, a very high percentage of, of hydrogen sulfide gas to the point where the construction zone was unsafe, and we had to halt construction for the period of time necessary to figure out how to solve that problem. Eventually we got to the point where in construction, even though the, the contract was designed, that, that if a rain event should occur, the contractor would get out of the way, and they would go back, go back to work a number of times, expecting to get rained out, essentially. We got late to the point where the weather window ahead didn't show any sign of giving us the ability to get back into the pipe. At that point, we had a situation where we have got 30 feet, 30-foot section cut out of a pipe that delivers 90% of the sewage to the columbia boulevard treatment plant, approximately 200 million gallons per day, and it was unsafe to just leave it out. We had to actually go back and undo work that we had completed.

Katz: Okay. That's why it was pulled. All right. Anybody else want to testify? Roll call.

Francesconi: Aye.

Saltzman: I just want to spill the myth when, we broke into a pipe and found a very big rat, that's not true. Aye.

Sten: Aye. [laughter]

Katz: Aye.

Francesconi: The truth was he found many big rats. [laughter]

Item 650.

Katz: All right. 650.

Katz: All right.

Marriott: Good morning, again. Dean marriott, environmental services. Paul is with me now. You will recall when we initially brought impregilo/healy on board, it was with a contract to assist us with the folks who were designing the tunnel and shaftwork to help us develop a design for a tunnel and pump station system that would be the most cost efficient to build, and it has been very successful relationship with them. They have already saved us a considerable amount of money through engineering and other reviews that they have done for us. We are not yet ready to bring to you the construction contract with impregilo/healy. The negotiations for that, as you can imagine, with a roughly 300 million project need to be done carefully and cautiously, and we are doing that. What that does mean, however, is the initial contract with impregilo/healy is about to expire at the end of this month, and this request is to amend that contract to allow it to extend through the summer and to do that, we need to assign some dollar amount to that, as well. So, that's why we are here before you today, and if you have any questions about that, again, paul is here and would be glad to answer any questions.

Katz: Questions?

Francesconi: I am sorry, I hope I don't seem to be picking on you, but so will the additional savings be more than the additional expense of \$534,000?

Paul Gribbon, Bureau of Environmental Services: Well, I will agree with the environmental services, we anticipate it will. One of the biggest things that we have done during this exercise

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when we do the contract of the estimated cost was we have done a signature cost reduction exercise, which is going line-by-line through the, through the estimate. We have saved, we have cut quite a bit of money back. We are, we are still going through that process now, and right now, our goal is to maybe get another 4 to \$5 million off that cost. So, this is basically \$1 in planning, hopefully to save \$5 or more in construction.

Francesconi: Thank you.

Katz: Further questions? Anybody else want to testify? Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. Thank you. 651.

Item 651.

Katz: I pulled this because it was a sole source contract.

Marriott: Good morning. Dean marriott, environmental services again. With me is dan hebert the engineer in charge of this project. And I will -- if you have any questions about this, we will be glad to answer them.

Katz: Okay. Questions on this? Everybody feel comfortable on this? Did you want to add anything? You didn't want to add anything?

Dan Hebert, Manager, Engineering Division, Bureau of Environmental Services: Is it -- I am dan hebert, I am the manager of the engineering division, and what I am trying to distinguish here is to complete two out of six projects that were uncompleted under a preview five-year definite quantity contract that curran-mcleod h it was allowed to expire in 2000 and now the projects are two that we need to complete to upgrade the pump station to say maintain reliable service.

Katz: Questions? Anybody else want to testify? Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 652.

Item 652.

Katz: Brief presentation.

Robin Hawley, Office of Sustainable Development: Good morning, mayor and commissioners, I am robin hawley from the office of sustainable development. And most of the time we come to you to talk about rates or recycling programs, but today I would like to ask you not to spend any more money but to accept \$65,000 from metro for a project that will reduce the amount of waste generated at businesses. And accomplish some of the broader goals of sustainability. It will be a pilot project called "the green copier campaign," and we will utilize a third party, the copier companies or service providers, themselves, to work with their customers directly. The objectives of this project are to increase the use of recycled paper, increase the use of two-sided copying by defaulting copiers to duplex, increase the recycling of toner cartridges, provide tools to customers, and evaluate the effectiveness of this approach. And the solid waste and recycling division, we learn the hard way. That it isn't as easy as just suggesting to businesses that they double side their copies. It's about providing them the assistance to do that and helping them do it. We implemented a double-sided copying policy a while back and attempted to create easy to understand instructions for our staff, but soon realize that, that, that each computer is set up slightly differently, and you end up with like numerous instructions just for one simple task. This, obviously, causes a lot of confusion and resistance to the program. There are also so many different copier styles tout there that it makes sense to work with the industry, industries that know how to program them and to have them educate their customers. So, we will be using a contractor that will work with the copier companies and they will develop appropriate tools for the businesses. We will also evaluate whether we are effectively able to change the behavior of employees and get them to participate in more waste prevention activities. So we will be sure to keep you informed on the progress of this

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project as develop and implement it and hopefully bring you some tools that we are going to be giving to businesses. Thank you.

Katz: I will ask you a question, it's probably a stupid question, and you may not be able to answer it so I don't want to put you on the spot. But are there, are there printers that will print double sides?

Hawley: Yes.

Katz: There are?

Hawley: Oh, yeah, definitely.

Katz: Are they expensive?

Hawley: Um, I don't think that they are match more expensive than a normal printer. There is also attachments that people can buy to attach onto older printers that don't have automatic duplexing in them, but all copiers now come with a duplex option. The problem is, is that they don't set them to default duplex, and when they set them up with businesses, businesses may not even know that they have that capability.

Katz: I was thinking of us, as a business --

Saltzman: I think our new printers have that capability. Probably all of ours.

Hawley: And your software programs will default to duplexing if you ask it to do it so talk to the service --

Katz: We will do that because the tendency now is everybody to e-mail us the reports that are 80, 90 pages. They don't want to print it. Send it to us and it is adding newspaper cost, so thank you, I will take a look at it. All right, -- all right, anybody want to testify?

Francesconi: Thank for you giving us the tools.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 653.

Item 653.

Katz: Roll call.

Francesconi: Just a couple of thing. One is I wanted to thank pete Kastings, especially. I think that the legal work that he did on this was terrific. And two, regards both in cleaning up the code and pulling out the things where there are substantive changes that need more community participation. And I think that he got a lot of credit from a lot of the groups. He got information out, so actually, it's a terrific example of lawyering, and pete deserves a lot of credit. I do think that -- and the second thanks, is I do think that, mayor, I appreciate this is not -- this one is a thankless effort, but I do appreciate your efforts to try to get the parties together to address what I believe is an issue that we have to address in terms of especially the heart of the downtown. Having said that, it has to be addressed in a way that protects everybody's constitutional rights. But, on this project, I vote aye.

Saltzman: Aye. **Sten:** Aye.

Katz: Thank you, commissioner Francesconi. I do need to flag to the council that because of other budget cuts at the county level, a lot -- and the, the legal issue with regard to the drug-free zones, a lot of what we used to do with regard to drug activity are beginning to be a little -- our hands are beginning to be all more tied, and I hope that discussion will come when we come in with some other recommendations, including the drug-free zone next phase. Aye. 654.

Item 654.

Katz: Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. Thank you. We have, this afternoon, a second reading on zoning code revisions for historic resources, and then that should be very quick, and then we will adjourn, so, we adjourn.

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At 12:00 p.m., Council recessed.

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JUNE 5, 2002 2:00 PM

Katz: Good afternoon, everybody, the council will come to order. Karla, please call the roll.

Francesconi: Here. Sorry, karla.

Saltzman: Here. **Sten:** Here.

Katz: Present. All right. Let's take 655.

Item 655.

Katz: All right. Roll call.

Francesconi: This is a good thing and hopefully, we will be able to come up with the incentives that will allow us to preserve these historic buildings. It's going to, to preserve them, we are going to need the incentives, but they offer a real value to our city, so I am hopeful that we can work this through. Aye.

Saltzman: Well, I want to commend staff for their work on this. I think that they have shown some really strong leadership and I think that there is a much more heightened interest in the city these days on preserving our history is our buildings, so it's very important to me that we have the ability not only as a council to deny demolition, but to also have the appropriate incentives. I have been very encouraged by what I have seen coming out of the subcommittee on the incentives. I think you have a lot of the right people working there. A lot of the right talent there, so I look forward to dealing with those, next. So aye.

Sten: Aye.

Katz: Thank you. Yes. We will have some incentives and we will have the denial language. That issue, that tax issue that came up, I have additional information that we will have to do a little bit more work on with regard to the facades, aye. All right, 655-1.

Item 655-1

Katz: All right. I need a motion to suspend the rules.

Francesconi: So moved.

Saltzman: Second.

Katz: Any objections? Hearing none so, ordered. 655.1 is before the council.

Francesconi: So what this is a revocable permit to allow the Oregon brewing company, rogue ales public house to close this establishment on june 8th. And this is to allow a celebration with the new york firefighters who are coming here, and it's a transportation issue that I think is, has slipped through the cracks so, I was contacted yesterday, and asked if we could do this. And also, I think allow a liquor license that they can, so they can have a staged food and alcohol beverages for the celebration with the new york firefighters, and I am pretty sure it's hosted by the Portland firefighters association.

Katz: Until what time. Do we have any clues?

Francesconi: It says june 8th, and --

Katz: It's not going to go all hours of the night?

Francesconi: I think they moved to your street after this one, mayor. [laughter]

Katz: All right. Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. Thank you, everybody and we stand adjourned. And commissioner Sten, have a wonderful trip and a wonderful education.

Francesconi: Bring us back things that you've learned.

At 2:05 p.m., Council adjourned.