



CITY OF  
Portland, Oregon

Official  
Minutes

**October 21-22, 2020**

**Date and time**

October 21, 2020 at 9:31 a.m.

Council recessed at 12:32 p.m.

**Officers in attendance**

Keelan McClymont, Clerk of the Council; Robert Taylor, Chief Deputy City Attorney

**Consent Agenda**

On a Y-5 roll call, the Consent Agenda was adopted.

**Date and time**

October 21, 2020 at 2:00 p.m.

Council recessed at 3:22 p.m.

**Officers in attendance**

Keelan McClymont, Clerk of the Council; Lory Kraut, Senior Deputy City Attorney

**Date and time**

October 22, 2020 at 2:00 p.m.

Council adjourned at 3:50 p.m.

**Officers in attendance**

Keelan McClymont, Clerk of the Council; Matt Farley, Senior Deputy City Attorney

**MARY HULL CABALLERO**  
Auditor of the City of Portland

*Keelan McClymont*

By Keelan McClymont  
Clerk of the Council

**PORTLAND CITY COUNCIL AGENDA**  
**City Hall - 1221 SW Fourth Avenue**  
**WEDNESDAY, 9:30 AM, OCTOBER 21, 2020**

**Disposition:**

THOSE PRESENT BY VIDEO AND TELECONFERENCE WERE: Mayor Wheeler, Presiding; Commissioners Eudaly, Fritz, Hardesty and Ryan, 5.

Please note, City Hall is closed to the public due to the COVID-19 Pandemic. Under Portland City Code and state law, the City Council is holding this meeting electronically. All members of council are attending remotely by video and teleconference, and the City has made several avenues available for the public to listen to the audio broadcast of this meeting. The meeting is available to the public on the City's YouTube Channel, eGov PDX, [www.portlandoregon.gov/video](http://www.portlandoregon.gov/video) and Channel 30. The public can also provide written testimony to Council by emailing the Council Clerk at [cctestimony@portlandoregon.gov](mailto:cctestimony@portlandoregon.gov). The Council is taking these steps as a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications. Thank you all for your patience, flexibility and understanding as we manage through this difficult situation to do the City's business.

**Provide Public Testimony:** City Council will hear public testimony on resolutions and ordinances (first readings only). Testimony is not taken on communications, reports, second readings, proclamations or presentations in accordance with Code 3.02.040 F. and G. Public testimony will be heard by electronic communication (internet connection or telephone). Please identify the agenda item(s) you want to testify on, and then visit the Council Clerk's agenda webpage to register, [www.portlandoregon.gov/auditor/councilagenda](http://www.portlandoregon.gov/auditor/councilagenda). Provide your name, agenda item number(s), zip code, phone number and email address. Individuals have three minutes to testify unless otherwise stated at the meeting.

**The deadline to sign up for the October 21-22, 2020 Council meeting is Tuesday, October 20, 2020 at 4:00 p.m.**

Email the Council Clerk at [cctestimony@portlandoregon.gov](mailto:cctestimony@portlandoregon.gov) with any questions.

**COMMUNICATIONS**

<b>821</b>	Request of Toni Davis to address Council regarding police reform bill (Communication)	<b>PLACED ON FILE</b>
<b>822</b>	Request of Valerie Ilustre to address Council regarding wood smoke (Communication)	<b>PLACED ON FILE</b>
<b>823</b>	Request of Matt Stein to address Council regarding proposed drone testing facility in St. Johns (Communication)	<b>PLACED ON FILE</b>
<b>824</b>	Request of Michael Pouncil to address Council regarding proposed drone testing facility in St. Johns (Communication)	<b>PLACED ON FILE</b>
<b>825</b>	Request of Mary Ann Schwab to address Council regarding camping next to Laurelhurst Park playground (Communication)	<b>PLACED ON FILE</b>

**TIMES CERTAIN**

October 21-22, 2020

<p><b>*826 TIME CERTAIN: 9:45 AM</b> – Authorize construction and permanent funding not to exceed \$25 million to Riverplace Phase 2 Housing Limited Partnership, or another BRIDGE Housing Corporation affiliate, for new construction of a 178-unit affordable rental housing project (Ordinance introduced by Mayor Wheeler) 30 minutes requested</p> <p><b>Motion to amend Ordinance by striking the words “and Metro bonds” from Directive (a):</b> Moved by Wheeler and seconded by Eudaly. (Y-5) (Y-5)</p>	<p><b>190171</b> <b>As Amended</b></p>	
<p><b>827 TIME CERTAIN: 10:15 AM</b> – Amend permit fee schedules for building, electrical, land use services, mechanical, enforcement plumbing, signs, site development, and land use services fee schedule for the Hearings Office (Ordinance introduced by Commissioner Ryan) 20 minutes requested</p>	<p><b>PASSED TO SECOND READING OCTOBER 28, 2020 AT 9:30 AM</b></p>	
<p><b>828 TIME CERTAIN: 10:35 AM</b> – Proclaim October 2020 to be Breast Cancer Awareness Month (Proclamation introduced by Mayor Wheeler) 20 minutes requested</p>	<p><b>PLACED ON FILE</b></p>	
<p><b>CONSENT AGENDA – NO DISCUSSION</b></p> <p><b>Mayor Ted Wheeler</b></p> <p><b>Office of Management &amp; Finance</b></p>		
<p><b>*829</b> Amend District Property Management License Code related to the use of revenues collected for lighting and district amenities to increase the flexibility in the use of funds (Ordinance; amend Code Section 6.06.216) (Y-5)</p>	<p><b>190167</b></p>	
<p><b>Commissioner Chloe Eudaly</b></p> <p><b>Bureau of Transportation</b></p>		
<p><b>*830</b> Authorize a contract with the lowest responsible bidder for the Safe Routes to School Signalized Crossings and Street Lighting Project (Ordinance) (Y-5)</p>	<p><b>190168</b></p>	
<p><b>Commissioner Amanda Fritz</b></p> <p><b>Bureau of Environmental Services</b></p>		
<p><b>831</b> Authorize an Access Permit with PacifiCorp for the NE 33rd Drive Pump Station Upgrade, Project No. E10910 (Second Reading Agenda 815) (Y-5)</p>	<p><b>190169</b></p>	
<p><b>Commissioner Jo Ann Hardesty</b></p> <p><b>Portland Fire &amp; Rescue</b></p>		
<p><b>*832</b> Accept and appropriate a grant in the amount of \$1,458,074 from the United States Department of Homeland Security to fund Portland Fire &amp; Rescue Technical Rescue Trainings and Station Source Capture Exhaust System (Ordinance) (Y-5)</p>	<p><b>190170</b></p>	

<b>REGULAR AGENDA</b>		
<b>Mayor Ted Wheeler and Commissioner Chloe Eudaly</b>		
<b>Bureau of Transportation</b>		
<b>833</b>	Create a local improvement district to construct street, sidewalk, stormwater, sanitary sewer and water main improvements in the NW Park Ave and Johnson - Kearney Sts Local Improvement District (Hearing; Ordinance; C-10069) 20 minutes requested	<b>PASSED TO SECOND READING OCTOBER 28, 2020 AT 9:30 AM</b>
<b>Mayor Ted Wheeler</b>		
<b>834</b>	Appoint Ernesto Fonseca and re-appoint Diane Linn to Portland Housing Advisory Commission for terms to expire October 21, 2022 (Report) 15 minutes requested <b>Motion to accept the report:</b> Moved by Eudaly and seconded by Ryan. (Y-5)	<b>CONFIRMED</b>
<b>Office of Management and Finance</b>		
<b>835</b>	Update Loss Control and Prevention Code to streamline coordination and implementation of citywide loss prevention activities and remove the Loss Control and Prevention Advisory Committee (Second Reading Agenda 816; replace Code Chapter 3.54) (Y-5)	<b>190172</b>
<b>836</b>	Amend Administrative Policy, Loss Prevention Policy, to streamline bureau Loss Prevention Plan procedures and implementation (Second Reading Agenda 817; amend Administrative Policy 11.01) (Y-5)	<b>190173</b>
<b>Portland Housing Bureau</b>		
<b>*837</b>	Amend approved application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Brookland located at 4245 SE Milwaukie Ave to increase the number of affordable units (Ordinance; amend Ordinance No. 189889) 10 minutes requested (Y-5)	<b>190175</b>
<b>*838</b>	Amend approved application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Nehalem Apartments located at 1645 SE Nehalem St to increase the number of affordable units (Ordinance; amend Ordinance No. 189215) 10 minutes requested (Y-5)	<b>190176</b>
<b>Commissioner Chloe Eudaly</b>		
<b>Bureau of Transportation</b>		
<b>*839</b>	Authorize a contract with the lowest responsible bidder for the SW Capitol Highway: Multnomah Village – West Portland project (Ordinance) 15 minutes requested (Y-5)	<b>190177</b>
<b>Commissioner Amanda Fritz</b>		

October 21-22, 2020

<b>Bureau of Environmental Services</b>		
<b>840</b>	Authorize Price Agreement for Pump Station Improvements for professional engineering design services for a total not-to-exceed amount of \$15 million (Second Reading Agenda 818) (Y-5)	<b>190174</b>
<b><u>WEDNESDAY, 2:00 PM, OCTOBER 21, 2020</u></b>		
THOSE PRESENT BY VIDEO AND TELECONFERENCE WERE: Commissioner Fritz, Presiding; Commissioners Hardesty and Ryan, 3.		
<b>841</b>	<b>TIME CERTAIN: 2:00 PM</b> – Accept Guaranteed Maximum Price of \$79,607,637 from Kiewit Infrastructure West Co. for the construction of the Columbia Blvd Wastewater Treatment Plant Secondary Treatment Expansion Project (Procurement Report - RFP No. 00001126 introduced by Mayor Wheeler) 45 minutes requested for 841-842 <b>Motion to accept the report:</b> Moved by Hardesty and seconded by Ryan. (Y-3)	<b>ACCEPTED PREPARE CONTRACT</b>
<b>842</b>	Amend contract with CH2M Hill Engineers, Inc. to expand design, permitting, and construction support engineering services for the Columbia Blvd Wastewater Treatment Plant Secondary Treatment Expansion Program, Project No. E07947, not to exceed \$14 million (Ordinance introduced by Commissioner Fritz; amend Contract No. 30006543)	<b>PASSED TO SECOND READING OCTOBER 28, 2020 AT 9:30 AM</b>
<b><u>THURSDAY, 2:00 PM, OCTOBER 22, 2020</u></b>		
THOSE PRESENT BY VIDEO AND TELECONFERENCE WERE: Mayor Wheeler, Presiding; Commissioners Eudaly, Fritz, Hardesty and Ryan, 5.		
<b>843</b>	<b>TIME CERTAIN: 2:00 PM</b> – Report on recent work from the City Auditor including Groundwater; Enhanced Service Districts; Equity in Construction Contracting (Report introduced by Auditor Hull Caballero) 90 minutes requested No vote taken.	<b>PLACED ON FILE</b>
<b>844</b>	<b>TIME CERTAIN: 3:30 PM</b> – Adopt Code and administration rules for the Community Opportunities and Enhancements Program (Ordinance introduced by Mayor Wheeler; add Code Chapter 5.35 and Portland Policy Document ADM 1.25) 45 minutes requested	<b>RESCHEDULED TO NOVEMBER 4, 2020 AT 9:45 AM TIME CERTAIN</b>

October 21-22, 2020  
**Closed caption file of Portland City Council meeting**

This file was produced through the closed captioning process for the televised city council broadcast and should not be considered a verbatim transcript. The official vote counts for Council action are provided in the Official Minutes.

Key: \*\*\*\*\* means unidentified speaker.

**October 21, 2020**                      **9:30 a.m.**

**Wheeler:** Please call the roll. [roll called].

**Wheeler:** Here under Portland city code, we're holding this meeting electronically. All members attending remotely. The city made several avenues available for the public to listen to the audio broadcast of this meeting. The meeting is available to the public on the city's YouTube channel and Portland, oregon.gov slash video and channel 30. They can e-mail at Portland, oregon.gov. We're taking these steps because of the pandemic. We're promoting physical distancing. It is an emergency that threatens the public health and welfare. As always thank you for your patience and your flexibility and your understanding as we work through these challenges to conduct the city's business. We'll hear from legal counsel on the rules of order and decorum.

**Robert Taylor:** To participate, you must sign up in advance for communications to briefly speak about any subject. You may also sign up for public testimony on resolutions and the first readings of ordinances. This explains how to sign up for testimony while the council is holding electronic meetings. It must address the matter being covered at the time.

**Clerk:** Asked to address council regarding wood smoke.

**Clerk:** Asking to address council regarding proposed facility.

**Wheeler:** Welcome.

**Matt Stein:** Good morning.

**Stein:** Good morning, Mr. Mayor and the hard working city commissioners. I'm a 21-year resident of St. Johns and on the property adjacent to the facility. Multiple reasons for this project. I'm sure you heard some. Here's a few more. The process has been rushed and with almost zero outreach. The land use decision by the city of Portland is still under review. The neighborhood only began learning about the proposal two months ago. It is taking time to get the word out and allow people to voice their concerns. They do not engage the public. They decided to move the rail car at the Toyota lot down toward end of broad street and decided this would not be

October 21-22, 2020

destructive to the neighborhood. We have had to live with excessively long blockages adjacent to the park and the building all hours of the day and night. This happens every day. Then the incessant buzz of drones that already suffers from noise pollution and other impacts. Verizon is not telling the truth about the site. They're bringing fiber optic cable and the facility. The neighbors came a month ago and misled us. They quoted from the temporary site in Hillsborough to convince us it would be minimal. I and my neighbors refused to believe they're responding that much money. The primary purpose of the facility is to control drones from a remote location. They left that meeting expressing a desire to meet community again. We have not heard a peep from them since. The developed land in this area is stolen taken from indigenous people years ago. They decided they needed to expand the Toyota facility and forced its sale. The port is now vacant land for 13 years. This is no effort to consult with any potentially affected parties as to the appropriateness of the proposed use and the effects on the community. I and many of my neighbors believe a much better use would result if it was returned to the native people. The proposed use is not appropriate for the site. This is the safest place to test their unproven and dangerous technology is absurd. They should have a parcel of land away from population centers without putting anyone at risk of injury or death. I ask for a more appropriate use for the small parcel of land.

**Wheeler:** Thank you. Next individual? Discussion regarding drone facility.

**Michael Pouncil:** I'm here for the community coalition and the Braden river campaign. No military drone testing in north Portland. In military drone in Portland. They're planning to build a zone facility owned by the port of Portland located at 8940 Bradford street. Skyward Verizon proposes to test drones by flying them down the river in repetitive patterns, our community oppose the -- the site of this facility for several reasons. We're concerned about privacy issues if people living and working near the north regional river. Drones represent remarkably intrusive and annoying presence and impact the quality of life of river users, local neighborhoods, businesses and visitors to parks such as cathedral park and county forest park. Finally the drones represent a real threat to local birds of prey and falcons that nested on the bridge for more than 20 years. We also believe that this facility meets -- we also do not believe this facility meets the definition of river related or river dependent as required under zoning codes. The city of Portland has asserted it currently does not have adequate supply of this type of land so it is not appropriate to utilize this parcel if purposes that lie outside the scope of approved use and designation. We respectfully request the following. Discontinue negotiations to locate this facility at this location. Deny any permits necessary to locate this facility at this location and

October 21-22, 2020

engage community and try to determine a better use for this riverfront site. Revisit decision-making zoning and limited public notification policies related to land use, land use changes to be more inclusive in coordinate nation with the community. Also on the city's august 22nd, 2012 resolution of the city of Portland, Oregon, protection of people's public -- of the people public against the use of unmanned aerial drones. We once again repeat in drone test. We ask if no more drone testing.

**Clerk:** Camping next to laurel park playground.

**Wheeler:** Good morning.

**Mary Ann Schwab:** Good morning. In my 80s almost trying to get in zoom. I hit the link and there you are. I have gone round and round. i'm really frustrated.

**Wheeler:** Thank you.

**Schwab:** Tidbit here and bumps in the road for the public you wanted to testify. There are 80 individuals sleeping in cars in southeast 17th avenue o-oak street. I far in a matter of time when a rat slips under a tent and nibbles on toast. If that rat is free it continue moving through broken bike parts, items of stolen property. I've got to slow down. i'm frustrated.

**Wheeler:** We'll give you time so don't rush it.

**Schwab:** Thank you. It is only a matter a time before a rat gets through. No supervisor is on site. A few days ago, they asked the Portlanders to step in and assist the homeless. How can we help with city hall closed to the public. How can fritz set our barrels together and for the unhoused. They're two for the price of one on black Friday day. Will cross for Portland do the same. As for the 1900 buildings and gathering clothing and blankets. The city of Portland office and the impact reduction program has provided a hand washing station and one honey bucket and in trash bags. It is too dangerous when even the neighbors start using it as their dumpster and who knows what is in it and it puts the people at risk when they have to empty it. That's why they prefer the garbage bags. However, I don't know where waste management is with their tubs just to get them off the sidewalk so people with walk on the sidewalk in between. I won't describe it. As for the playground locked restroom on site i'm told a Portland parks does not have the resources to hire a plumber. Hello, what is the cost to empty and refill the hand washing station and the snowy buckets. One example of why i'm voting for mayor wheeler who supports changing the Jim crow form of government to focus on grass roots representation and then we can hire a skilled manager to track each of the bureaus budgets and no more overspending. We could get a system where each of these bureaus computers actually talk to each other. We need more city involvement in the budget process and contacting Salem, between -- between

October 21-22, 2020

governmental lobbyists and representatives of the senators serving in the legislature down in the capital. There's a huge disconnect. I have yet to hear we're going to have an in-service to give us training this year. Brian hoop breaks my heart. Some other lucky city agency has hired him. We're losing more and more highly skilled programs as well. The human infrastructure not just in the district offices but also within the government. Try being a volunteer and calling the city office saying due to the pandemic, yes, we do have a pandemic. I encourage every human being to continue wearing your masks whenever out in public. Above all, be sure to vote on November 3rd. Thank you for listening. I appreciate your patience. Sorry for the frustration. i'm so riled up over this computer.

**Wheeler:** Thank you and we share your opinions regarding the computers and everyone else. i'm sure Keelan will look at the links and make sure it is easier to access. Thank you for your testimony this morning. Has any item been pulled off the consent agenda?

**Clerk:** No.

**Wheeler:** Let's call the roll. [roll called].

**Wheeler:** Consent agenda adopted. Next we go to the first time certain item, 826, please.

**Clerk:** Authorize construction and permanent funding not to exceed 25 million dollars to river place phase two housing limited partnership or another bridge housing cooperation and construction of a 178 unit affordable rental housing project.

**Wheeler:** This is exciting. We're pleased to have another project for consideration. We're pleased this is the third affordable housing project in the city of Portland to receive funds from the recently approved, voter approved metro and the first to appear before the city council. River place phase two is in the north urban renewal area. One of the highest opportunity areas in the downtown core and close to jobs and with approved funding and a bridge for housing corporation. In phase one, you'll recall the city council approved the fera apartments, 310 unit building and has been construct and leasing up. Now phase two comes can before the council with additional 178 affordable units. And I will be turning this over to -- to Shannon Callahan the director of the Portland housing bureau. I want to give you a heads-up. I will introduce a technical amendment or clean up amendment shortly. i'm still waiting on the language. Don't let me vote on this before I put the amendment on the table. With that, go for it.

**Shannon Callahan:** Could you please put up the PowerPoint if you could.

**Wheeler:** Sorry to interrupt. I just got the amendment language and it is very brief so why don't I put this on the table. I move to amend item 186 by striking the words metro bonds from directive a. This is a technical clean-up. I don't know if anybody has questions. i'm sure council

October 21-22, 2020

would be happy to regal you if the reasons for this, otherwise I like a second.

**Chloe Eudaly:** Second.

**Wheeler:** Can I call the roll. [roll called].

**Wheeler:** Why don't we keep the vote open.

**Jo Ann Hardesty:** Sorry, yea.

**Wheeler:** Thank you. Sorry for the interruption. I wanted to get that on the table before I forgot.

**Callahan:** No worries, I appreciate it. Could you put up the PowerPoint or do can I need to do that? So good morning, Shannon Callahan of the Portland housing bureau. i'm here with the planning and development director of metro and the senior vice president of bridge housing to request your support for river place phase two affordable housing development. Next slide, please. First I like to start with a little bit of background as the mayor indicated about this site. This project comes to you as a result of a 2015 joint solicitation from cross for Portland and the bureau. In 2015 the bureau was actually concerned we would not reach our goals in the north urban renewal area. But due to the advocacy of community members and increasing the amount of available [indiscernible] for affordable housing development, council and especially commissioner Nextus we were able to secure this parcel for affordable housing development. In 2017 council approved the first phase of the development of the council which you see on the slide, the bureau apartments which today is providing homes for -- if Portlanders with 203 units. We originally intended back in 2015 that the second phase of this development would be for market rate development. In the meantime, the Portland bridge housing believed a better use of the site is actually for affordable housing development. Next slide, please. So particularly about this project, it is located on the streetcar line and providing great transportation access to and from the site. As the mayor indicated it will have 176 affordable housing units which we estimate will provide affordable housing for 339 people. Of the affordable units 20 will provide permanent support of housing providing veterans. Several will serve low income housing. For reference for everyone licensing, 30 percent would equate roughly to 22,000 dollars or less if a couple in the metro region. Next slide, please. One of the most exciting features of the property is that 48 of the units will be family sized, including 18 three bedrooms. As you all know, we have a shortage of larger sized bedroom units within the city of Portland and we're very pleased this property will be welcoming families. The starting rents for the properties range anywhere from 484 dollars for a studio at 30 percent a.m.i. Up to 1400 dollars if a three bedroom. The building will be regulated affordable for 99 years and construction is expected to be started in December of this year and completed in fall of 2022. It is a lead goal building. Next slide, if you wouldn't

October 21-22, 2020

mind. Thank you. One of the things that we're most excited about is the service partnerships that bridge housing is bringing to the property, including a partnership with impact northwest. So there will be resident services provided, especially family services including early childhood development, youth programming and parenting support. Next slide, please. This project does use 25 million dollars of north mack tip funds. As well, metro will step forward and has approved the use of just over 1.7 million dollars so we're able to bring this property to fruition. The tip funds will leverage 56 million dollars in outside funds to make this project possible. Next slide, please. At the beginning we have north mack. I want to provide an update to council and the community on where we are in terms of that progress. We're overachieving and we are pleased to know that we have 17 million left in the district and we can achieve this target and achieve our overall goals. This is the first project that uses metro bond funds, I want to talk about the strategy. They have approved deacon court which is a home forward project in north Portland. We're presently in the second phase of the implementation strategy which involves providing gap funding for projects in the type line, particularly today, we're talking about parcel three phase two and we wanted to give you an update on a second project that metro will provide funds for. We're also in the process of initiating our third phase of the metro implementation strategy. We release at supportive housing solicitation last Friday to the community, focused specifically on pairing metro bond funds with opportunities if supportive housing. We're working with metro in the joint office and other partners to address supportive services funding from the recently passed measure to support supportive services regionally. Then we also planned for solicitation with metro bond funds in spring of 2021. I would like to introduce, if I turn it over to Alyssa. I think you were on the call. To talk about the three metro bond projects that are in process in the city of Portland and especially family commons. Alyssa.

**Elissa Gertler:** Thank you, director Callahan. Great to see you and be here to support affordable housing in the south metro area. We're pleased to be here today. Next slide. This represents significant progress on the metro bond funds. It is the third approved project using funds in the city of Portland. Family bond funds I would like it talk about. This is along the rapid transit corridor that many of you worked on and the key memorandum can that we signed and a metro as part of the transit project to provide equitable housing. This is from home first development and do good noma and will support veterans and permanently affordable housing. Next slide, please. As director Callahan mentioned, it is a partnership of the department of homeless services that bring support of services and all 35 units will be supportive housing. It is a great example of community use of underutilized space. They made it possible by providing unused

October 21-22, 2020

parking space behind their church. This is a great example of being able to do the gap funding that director Callahan referenced in order to let it move forward. Metro is pleased with the progress this the city is making in the metro bonds so far. Overall, this is a data point. Portland has accomplished 25 percent of the goals with the bond funds and less than 24 percent of the fund so far. That's the performance we've been looking for. We are working on this with a supportive services mesh where you are so we could bring together the capital resources and support services to provide more housing for the most vulnerable community members. It is a pleasure to be here to support both family com machines and replace phase two. Now I believe i'm going to turn it over to bridge housing.

**Aruna Doddapaneni:** Yes, high -- hi, everyone, I wanted to bring it to folks that are not familiar. Bridge housing opened our Portland office about seven years ago and partnered with phb on we believe four projects to date so far, including Abigail, Navarro, which is the first phase of this development and songbird which is also in northeast Portland. We're really excited to start construction on the development bringing additional 180 units, working with partners like cross for Portland, phb, metro and the veteran and impact northwest. I just wanted to -- just, you know, let everyone know we're excited to start construction on the second phase since we just finished leasing out the first phase or are about to finish leasing the first phase.

**Callahan:** Thank you. I just like to -- before I get back to you mayor and council for questions and comments, I want to acknowledge the team members that gone into making this project happen. Our team is working on 40 active projects right now as we all know pretty unusual circumstances and really really working very hard. I would be remiss if I didn't acknowledge and thank our team manager Joe Chen and Shavon for the work on the project. They have seen the first phase and second phase and all of our partners in impact northwest that are working to make this possible. Thank you very much and that concludes our presentation this morning.

**Wheeler:** Thank you director Callahan. Thank you for the presentation. And director Callahan I want to add my thanks to the list. Particularly want to thank you for the leadership of the housing bureau during a very dynamic time period. You have a lot on your plate. That's good. We want you to have a lot on your plate. Congratulations to you and your team. Commissioner Eudaly and Hardesty.

**Eudaly:** Thank you, mayor and thank you director Callahan. Nice to see you. Thanks for the presentation. This is a really exciting project and i'm always happy to hear updates on how we're using our housing bond funds. This is a question. Has that 17 million remaining -- has the 17 million dollars remaining in the fund been allocated yet?

October 21-22, 2020

**Callahan:** No commissioner, it has not. We would look to find another development in the future. We've been having conversations over time with various property owners and initially remember we were talking to zidel yards and we've been in conversations with ohsu and fair major property owner in the district about ways that we can pair our fund with their funds for future development. No, we don't have set plans for those funds at this time.

**Eudaly:** All right. I want to put the suggestion out there that we should be trying to put together some kind of acquisition fund in anticipation of foreclosures and the opportunity to buy distressed properties and preserve some natural occurring affordable housing. We know that wall street investors and speculative real estate investors are waiting with baited breath and billions of dollars to snap up these properties and i'm helping that the city and metro and state and federal government for that matter get serious about creating acquisition funds. Thank you.

**Wheeler:** Commissioner Hardesty.

**Hardesty:** Thank you, mayor. I want to say that this -- this -- this partnership is a model that I am truly excited by. As you know, many times you come can and i'm whining about what do you mean, just two, three, four. These are the kind of project that make me proud to be on the city council and helping an effort that is absolutely critical for our community. I want to thank metro impact northwest and i'm sorry i'm forgetting the other developer that just moved here with bridge housing. These are the partnerships that make us proud. These are the partnerships that show that we really invest our dollars well. So I just want to thank you for what I know is an extremely hard process, as someone this serves on the board of human solutions, I know what it takes to build affordable housing and what a nightmare it is. I want to say thank you. I definitely am always questioning the housing bureau about what they're doing and why. Why they're making this decision or that. But this is one of these days i'm just like, i'm in awe at the partnership and the opportunity that this is going to present for some really needed -- needy people in our community. I want to put a plug in with what commissioner Eudaly said. We must start buying up properties when we have the opportunity because that opportunity is not going to come around again. So the more creative we can be and more resources we have access to this we can actually apply our properties. It is going to help us provide at a faster rate more housing that people can truly afford to live in. When I look at housing at 30 percent and 60 percent, that's housing that is desperately needed in this community. Thank you all. I know this is the beginning of the project but i'm excited. I can't wait to see the end result and by the way, it is a beautiful rendition of housing. I always appreciate beautiful housing that our community members get to live in. Thank you very much.

October 21-22, 2020

**Wheeler:** Thank you commissioner Hardesty.

**Dan Ryan:** Good morning. Good morning, dr. Callahan and your partners. This was a refreshing presentation. We had them come before us recently and some of the themes is where is the family housing? How can a family of four fit into that affordable housing unit? To see three bedrooms, it is refreshing. So we have part-time workers and covid reminded us how important essential workers are. We actually have housing in the central city that people provide services for us is just, I don't know, it is mind blowing that we have to even talk about this as being overwhelming. It is so refreshing to finally see this. I was really excited to hear that you have systems built in the unit. That made me surprised and happy too. All right. Can you tell me, I don't know, I should know this, but increasingly if we build affordable housing for families along the river which you could almost swim in now pretty much in the summer, what school -- what elementary school would they go to? Do you know the answer to that?

**Callahan:** Commissioner, i'm sorry, I don't know that off the top of my head. I can get that for you.

**Ryan:** If we keep building affordable housing that includes families, we want to make sure we're working with the school district to build that system. I think those were my main points. And the closest real grocery store, away from a convenience store, is the closest store Safeway at this time up by the museum?

**Callahan:** I believe so, yes. There's a grocery store in the south waterfront community.

**Ryan:** It is important that we get some affordable services for families that -- where they can get food at much better price point. i'm thrilled and excited to be on the council at this moment and to see the fund are being expended. Almost seems like record time. So thank you.

**Wheeler:** Thank you. Commissioner Eudaly, you had your hand raised again or just residual? Very good. Testimony. Anybody signed up?

**Clerk:** We have no one signed up.

**Wheeler:** All right. Very good. This is an emergency ordinance, please call the roll.

**Clerk:** Eudaly.

**Eudaly:** Thanks again for the -- for the presentation. I'm a big fan of the community partners involved and I vote yea.

**Clerk:** Fritz?

**Amanda Fritz:** Commissioner fritz should be really happy and thank you for the continuing his work and thank you if the partnership with metro, we certainly appreciate it. Thanks to everybody, yea.

**Clerk:** Ryan.

**Ryan:** Yes. It is a great partnership. Right development at the right place and right time. Enthusiastically.

**Clerk:** Hardesty.

**Hardesty:** Thank you once again, director Callahan and your team, can't wait for the grand opening. I vote yea.

**Clerk:** Wheeler.

**Wheeler:** Yea. Ordinance is adopted. Thank you everybody. We have a couple minutes prior to the next time certain. Why don't we move it items 835 for the second reading.

**Clerk:** Updates moss control and streamline of citywide loss prevention activities and remove the loss control and prevention advisory committee.

**Wheeler:** This is the second reading. We already heard presentation and had an opportunity for public testimony. Is there anything else on this item? Seeing none, please call the roll. [roll called].

**Wheeler:** Second reading.

**Clerk:** Loss prevention policy to stream line plans for future and implementation.

**Wheeler:** This is also a second reading. Please call the roll. [roll called].

**Wheeler:** Ordinance adopted. Our last second reading which will get us to 10: 15, item 840.

**Clerk:** Price agreement for pump station improvements for professional engineering design services for a total not it exceed amount of 15 million dollars.

**Wheeler:** Second reading further business on this item. Seeing none, please call the roll]. [roll called].

**Fritz:** Excellent presentation, yea.

**Wheeler:** Ordinance is adopted and according to my official clock it is time if our 10: 15 time certain item, 827, please.

**Clerk:** Amend schedules for building electrical land use services, mechanical enforcement and plumbing and sign and site development and land use fee schedule for the hearings office.

**Wheeler:** Commissioner Ryan.

**Ryan:** We have proposed changes for the bureau of public services which will be referred to as bds. Most of my colleagues are familiar if bds as many of you have served as commissioner. Bds is responsible for enforcing the state building code and enforcing the city zoning code and regulations on structures can and erosion control and signs and property maintenance and portions of the tree code. 98 percent comes from permit fees and charges for service. Fees need

October 21-22, 2020

to be set at a rate to cover the cost of providing these services. Before the pandemic bds expenditures increased due to the growing increases in rent to better serve the community. The covid-19 pandemic triggered a downturn that impacted the construction industry, particular my large commercial projects such as hotels and office buildings. As the pandemic swept through Oregon, construction was considered an essential business. They continued to provide services during the stay at home order while following distancing guidelines. They have taken prudent steps, including hiring treese and expenditures for overtime and offering a severance incentive. Fees from the programs administering the building code are regulated by state law and revenue from one program can't be used to serve other local programs such as administration of the zoning code or sign code. The changes today are necessary to maintain fiscal stability while providing continuity of service delivery. In summary bds increased their expenditures pre-pandemic to further meet the need of the city an economic downturn we face as a result of a significant shortfall that this proposed fee increase only partially addresses. I'll say in the short time with working with the team, I've been impressed with their openness on being careful with how they spend down the reserves. I want to acknowledge the previous commissioners that were overseeing this bureau to help with building that account, that rainy day account. So today I'm going to turn this over to the director, Rebecca and Elshad and bds budget and finance manager to provide additional background and information about this proposal. Take it away.

**Elshad Hajiyev:** Good morning commissioners. I'm here with Brian to present to you fee changes for the bureau of development services effective as of December 1st, 2020. As commissioner Ryan mentioned in his excellent introduction, the bureau is funded solely by fees. Only small amount covered by the bureau fund. The bureau is trying to keep the fee changes as gradual and low as possible to incentivize compliance with the state and local codes. For a lot of years, the bureau didn't even raise the fees, specifically in years of fiscal year 13/14 through 18/19 when the cost was high and projects were coming in, larger projects. The fees were decreased in 16/17. Currently as of July 1st the bureau's expenditures went up significantly due to introduction of the blended facilities rate for downtown buildings located in the downtown core. Our rent went up by three million dollars. The fee changes presented today being effective as of December 1st, 2020 will partially offset the increase in rent. We're expecting to generate approximately 2.9 million dollars in additional revenue to cover the increase in rent. In addition to that in prior years there was specific increases in cola and personal cost and even though we didn't have colas yet as July 1st, there was expectation at some point that would be introduced, specifically for employees that are covered by union contracts.

October 21-22, 2020

We were planning to bring a fee increase proposal to the council in May of this year. However we decided to postpone this due to a lot of uncertainty associated with covid 19. As commissioner Ryan mentioned, all of this time the bureau was providing providing was providing services to our customers. Permits, doing inspections and plans. And during that time the bureau was able to move from in person with customers to virtual route. Our plans are being submitted electronically right now. The inspections, some are being done by remotely by video inspections viewed electronically. The changes are slow and gradual and the bureau is planning to move everything to the digital realm. As commissioner Ryan mentioned, activities in Portland area was hit hard by the economic recession codes. Specifically that relates to larger projects. Multi family buildings funded by private dollars, not public dollars, hotels, offices. Those are basically stopped. And we're not really expecting anything to recover for two to three years from now. With it, work with our financial advisor. That's a very unique community that only exists as bds where we consult with local economists. This is unique to us, our revenues are coming from fees and charges and directly to construction activity. It will take two to three years for the economy to recover and the construction will be at tail end of recovery. Even before covid started we were noticing reductions in multi family buildings, so we did new measures for that. Even before shutdown in March we instituted the hiring freeze. We cut nonessential expenditures. Thank you for adopting the safety net ordinance. We cut expenditures and offer our employees options to take volunteer furloughs or take severance packages. As I mentioned this fee change will bring 2.9 million dollars into the bureau. I want to stress that money is going to support positions. We're talking about 20, 25 positions that will be supported by this fee change. Without that fee change, we may lose those positions. The bureau was diligent in bringing in people of color and women into classifications that are traditionally held by white males. We don't want to lose that staff. That ordinance, that fee change means a lot to our employees and our bureau. I want to talk about the goals. The goals of this ordinance, we're keeping up with inflation and our expenditures. The three million in the rent that is effective as of July 1st and it is ongoing change to our rent obligations. We want to continue our services. As mentioned these 2.9 million are supporting 20, 25 positions. Without that fee change we will be faced with additional, potential layoffs.

And we also adjusting some of our fees to make sure we're recovering the cost that are associated with providing those services. We did, not always, we do outreach. Specifically with our development advisory committee, we present the fee changes back in march and then we did it again in September and we don't have any objections from our development in our

October 21-22, 2020

advisory committee to the fee changes. We also sent out newsletter and we posted our fee changes on our website and also our managers were reaching out to specific trade organizations to talk to them about fee changes. These fee changes are affecting most programs. Site development, signs, enforcement, land use. No fee changes for the zoning enforcement program because the cost of recovery is still pretty high there. Again, overall fee changes are around 5 percent. Some fees are going up higher. Some fees are not being changed, again to reflect the cost recovery on providing services. With that, that kind of concludes my presentation. I'm willing to answer questions.

**Wheeler:** good presentation. Commissioner Hardesty has her hand raised.

**Hardesty:** I was struck by the three million dollar rent increase and renovation for the building.

**Hajiyev:** you're correct, commissioner Hardesty. When Portland building was renovated I believe the cost of the building with the furniture was around 200 million dollars.

The city issued bonds and debt obligations, so now we have to repay it to kind of equalize that repayment, they recalculate the rent for all of the building including the city hall and basically increased the rent for all of the other buildings downtown core.

Again, I don't have the exact numbers, so these are approximate numbers prior to rent reorganization, our rent was around 30 dollars per square foot. Now it is around 60.

**Hardesty:** That's a little outrageous. Let me just say that rent would increase so significantly. Let me ask this question. Based on what we've learned through covid-19 about the ability to work remotely, it may be possible that you may not need as much space as you have used in the past. Right? Just thinking about how workers work today and so I hope that you and commissioner Ryan are thinking about what is a more cost effective way for you to be able to provide the services that you provide? Because I would rent a building in north Portland cheaper than you can rent the space in city's building. I think that's outrageous that rent would go up that high. Number two, I was struck by demolition and deconstruction fees, most are around 5 percent. It is significant jump from 571 to it 969 when we talk about demolition and deconstruction fees. Why is that so significant?

**Hajiyev:** we do a cost analysis of fees and we estimate how much time we -- specifically on the -- on the -- on the deconstruction and demolition fee that relates to inspections.

October 21-22, 2020

Turns out that we -- we do conduct a lot more inspections that fee covers, that's why you see the higher increase there.

**Hardesty:** there's no back or net significant increase?

**Hajiyev:** we haven't heard anything back from anyone. Thank you for your comment about the land. We're looking at reducing our footprint and we also have leases with noncity buildings and we reduce our footprint significantly. For some of those, we're locked into the rent. It is difficult to get out of that and unfortunately the sublease market does not exist now.

**Hardesty:** it will though. You want cheap office space relatively soon. My last one is a statement. I know bds has been through this before, because you're -- you're totally funded 99 percent through fees. I just want to compliment your forward thinking and your -- your -- your analysis of about you know where -- where to make the cuts, where to increase your fees, because this is -- this is -- it is hard and as you said, this is not coming back for at least two to three years. I think that's optimistic projection. It will be longer than that. I want to applaud the work you've done. The city should make your job harder and increase in rent would be a possibility. But you are a vital service to the city of Portland because nothing gets built.

**Fritz:** Excellent team player and did not throw the council under the bus. It was a council decision to equalize rents and there were winners for the Portland building and the city hall and other facilities. It was considered not reasonable to have some buildings be less expensive per square foot than others. There were winners that included city hall and our commissioners and they were definitely [indiscernible]. The big losers, one was bds because the 1900 building was due to be paid off. They were looking at a decrease in rent. That was kind of a long-term policy decision that certainly, especially given the timing now is really unfortunate for bds and I appreciate the work that was done. I need to credit former director Paul scarlet for creating the sustainability plan and that they were able to act swiftly. It is challenging in these times and I'm confident that plan is going to set the course. Then finally commissioner Hardesty, another comment on yours, the bureau has done a lot of work on racial equity and gender equity which has been a challenge as well over the past several years. Dora perry went to be the manager and recently retired in June. Good to see there's a lot more results being seen and or I think we're all

October 21-22, 2020

aware that many bureaus that have been previously dominated by white men because of the profession that there's a huge opportunity for making sure that more people of color are employed. So challenging times but good things to celebrate. Thank you for your work over the years. You're definitely the person I want to have in charge of the finances at this particular moment in time.

**Wheeler:** Commissioner Eudaly.

**Eudaly:** Nice to see you. I was at one point the commissioner in charge of bds. I'm glad to hear that -- that some of the good work that we -- we -- that we did back then has continued, especially pleased to hear that progress continues to be made with permitting software which was probably the biggest headache or potential nightmare I inherited. I was determined to update that software a receive this and it was carried over the finish line. I want to note that council has some responsibility in the increase in the demolition permit fees because we -- there's additional work involved with demolition now that we passed the lead and asbestos abatement of rules. That's one reason where the fees have gone up more. I certainly understand the challenge of achieving cost recovery and balancing that with what we think our customers can bear. I want to ask a clarifying question which -- which I think I know the answer to. These increases are still less than cost recovery for the bureau and only effect the permits and fees charged by bds and not the other sdc's and other developments charged by or bureaus. Is that correct?

**Hajiyev:** That's correct commissioner Eudaly. This is only bds doesn't involve any fees charged by our bureaus. Yes, we're not -- we will not be fully recovering the costs on some of the fees but the goal is to incentivize compliance. That's why we're keeping our fee changes as gradual as possible.

**Eudaly:** Yeah, I understand and support that. My thoughts are with you. I know when I had the bureau, we were still recovering from the recession in some ways, building our reserves back up and filling a lot of vacancies and I -- I -- I can only imagine how tough the -- this latest challenge is for the bureau. Thank you.

**Wheeler:** Thank you. Any public testimony on this item?

**Clerk:** Yes, two people sign up, the first person is Ezra hammer.

**Ezra Hammer:** Thank you, Ezra hammer here with the metropolitan Portland. It is not every day that the development community will come out and speak in support of the increases. I wanted to take this opportunity to give a real special thanks to el shad and the leadership team at bds who has managed to weather this covid-19 storm and associated economic downturn with

October 21-22, 2020

grace and with -- the pay is driving the bulk of the fee increases. We wholeheartedly support their desire to insure an adequate staffing level and an ability to -- to process applications and permits in a reasonable and timely manner and given the fact that these fees are necessary to help them accomplish that, we're here today to thank the bureau if all of its hard work and to wish them the best of luck in the coming months and years as we work collaboratively to weather this economic downturn. I want to congratulate commissioner Ryan on his recent appointment to lead the bureau. You have a fantastic team over there. Thank you.

Commissioners, have a wonderful day.

**Wheeler:** Thank you, we appreciate your testimony. Thank you for your good words. Next individual.

**Clerk:** Angela Crowley-Koch

**Wheeler:** Welcome Angela. Angela, are you muted?

**Crowley-Koch:** Can you hear me now?

**Wheeler:** Yes.

**Crowley-Koch:** My name is Angela Crowley-Koch, I'm executive director of solar energy industries association. I have to say I'm a little frustrated at the tone of the discussion on this topic. The project is in crisis. The permit for the projects are extremely backlogged. It used take best case scenario a few hours to a day to get a permit for a solar project and now since the pandemic it has taken up to six months to get a permit for a solar project. As staff mentioned earlier, construction has considered essential and has continued through the pandemic. While we keep solar projects installed, things are grinding to a halt with the city of Portland's permitting process. This is the most aggravating delay process in the state. Frustration is at an all-time high. These permitting days are making things very challenging. I hate to say it but Portland has established a nationwide reputation as having a slow and extremely convoluted process for receiving solar permit. Through this year, we sent a letter to mayor wheeler asking to make the permitting more streamlined and faster. A few small steps have been taken by the bureau but they fall short. Most frustrating is in the mayor's response or changes, nothing that the bureau is doing to address the timelines and process in order to decrease can delays. If we're being asked to support an increase in fees, we expect to see an increase in service and a decrease in extremely long period of time that it takes the work permit to be issued. More permitting staff would be higher and permits would be faster, we would be in strong support. However, from the testimony I heard this morning, that fee increases are simply maintaining the slow system we currently. Unfortunately that makes us strongly opposed to these fee increases.

October 21-22, 2020

For solar permit or any construction permit does not work for recovery. However, with the current --

**Wheeler:** I like it hear her out. Let's go ahead.

**Crowley-Koch:** Thank you. With the current status of permit review and protocol for solar, we feel this program will be ineffective. I also heard earlier today that these locations were reached out and I'll note out no one reached out to us. Again we end with the disappointment to hear that staff levels are only being maintained with the residential construction including solar installation being one of the few areas of the economy where we're seeing the current work levels maintained, pre-pandemic work levels be maintained. It is a shame that progress is being slowed and permits are being delayed by the city. It is a time issue and increase in staff and an increase in service, not the other way around. Thank you.

**Wheeler:** Thank you. Thank you for the comments and generating some desire for a conversation. Can you stick around if a few more minutes? Commissioner Eudaly and Fritz and then I have some comments and questions as well. Commissioner Fritz.

**Fritz:** I see director Rebecca who forgot to mention she's key it I think changing the bureau. I know she's on the call and I'm wondering if she would like to respond to what was just said.

**Rebecca Esau:** Good morning. We admittedly have a backlog in permits. We're working on a system to get us beyond this temporary interim intake system that we have in place that we put in place when all of the city offices closed due to covid. We're expecting that to go live in early December at this point. And it will get away from the appointment system that we're using for intake and let customers submit their permits online 24/7 from their home or office. I admit this have been delays with solar permits. We've taken some steps and plan to take additional steps in the coming month to make those smoother and restore the service that we used to have in person in the permit center and replicate that through an online system that -- that they're also developing simultaneously to this intake system that we're developing. So we're undergoing huge changes right now with how we do our business and how we interact with customers remotely. It is still being developed and I apologize for the time that it has taken. I acknowledge the delays and the frustration out there. But it will get better, we have an employee dedicated to working on the Portland clean energy fund project with the bureau of planning and sustainability. This employee's full role is looking at what are the obstacles that create delays and working on ways to make it smoother and faster. Climate change is real. We want to get this process smooth and easy for people to be able to get solar permits as quickly as possible and with the least frustration involved. We're not there yet, but we're moving in that direction.

October 21-22, 2020

**Wheeler:** Thank you. Commissioner Hardesty, I see you have your hand up. I'll defer to you.

**Hardesty:** Thank you, sir. Thank you for that Rebecca. In dollars have gone out the door yet. We just sent the up an application out. That's not a good example of whether or not delays are taking place. I'm concerned that it appears that we have -- we're working -- it appears that residential permit seekers are having a different experience than say business permit seekers. So I'm wondering how we're going to make sure that we're not -- we're not you know being overly solicitous. Do we need to -- is there a plan to actually add more staffing? Because as we know, major construction projects are slowing down, but apparently when people are home for six months they find all kind of home repair things that they want to do. So which is internal movement around -- around shifting staff so that we're going to accommodate where the biggest need is at this time.

**Esau:** Thank you commissioner Hardesty, that taps into the next thing I was going to say which can was we've been moving staff internally. We have commercial plans examiners and they're being moved over. We have a program called field issuance remodel program. This is a program where it is basically one-stop shopping and it involves a relationship between the bds staff person assigned to a project. They do everything, the plan review and the inspection. Its very popular and it runs on an hourly fee basis rather than the standard process. Because it is so popular, we had about 80 people, contractors on the waiting list to get into the program to register. So what we've done is we moved inspectors and plans examiners over from our standard process into that program and that program serves remodels and additions. So we're staffing that program up and have opened up the flood gates to take those 80 contractors who were on the waiting list to get them into that program and that will provide a lot of relief in our standard process and eliminate some of that backlog a frustration. So yes, we're definitely making adjustments internally to try to provide relief.

**Hardesty:** Thank you.

**Esau:** Welcome.

**Wheeler:** Thank you. I have a couple of comments or questions. I don't know if -- maybe these are geared towards Angela or for Rebecca and maybe boat. So maybe I'll start with Angela. First of all, thank you for the call earlier this week. I really appreciated it. I appreciated you raising some of these specific concerns. Could you give the council some indication of two or three immediate steps that you believe your association would recommend to us that could potentially speed things up in the near term without jeopardizing some of the safety requirements that -- that the city obviously is responsible for. What advice would you give us

October 21-22, 2020

right now in terms of speeding up this backlog?

**Crowley-Koch:** Good question. I think the biggest thing we like to say is a plan and written down plan with timelines to give some assurance to, not just our industry, but their construction trade that we're seeing a continuation or increase in work log. We have to tell our customers just to wait. For solar particularly the federal investment tax credit for solar runs -- it ramps down at the end of the year. There's a rush to have solar projects finished and turned on by December 31st. We need immediate changes. In addition to the delays, we're frustrated by what I'll call a lack of customer service when we're seeking these permits. That ranges from things like staff not knowingly answering questions, staff giving -- giving inaccurate answers about questions. It feels like there needs to be an education around solar permits in particular. I think the -- the bureau would benefit from a dedicated staff to solar permits so that folks know the answers to questions when -- when they're asked by contractors and can provide correct answers. Sometimes these cause weeks of delays added on to the already long process. I guess those are two quick ones. I mean, as I said earlier, I think an increase in staff for residential projects is really wanted at this time.

**Wheeler:** Thank you, Angela. And director Esau, I want to acknowledge and thank you for the -- for the leadership that you provided the bureau during what is obviously a ridiculously complicated transformational time. Obviously we went through significant technological changes and then there were office changes and now there is the remote, moving the entire operation remotely. I know you -- you -- you've done everything in your power to do so effectively. Let me ask you the flip side of the question to what I asked Angela. Under the emergency -- first, I think we're all in agreement that solar provides one of the few rays of help right now in this economy on the construction side, on the development side. That's just factually true. This is one of the only areas where there's a stepped up opportunity as -- as Angela just indicated there are federal incentives that are near to expiration and further delays will deprive our local green developers access to those benefits. Is there anything we can do and you may in the have the answer to this right now, but every between weeks I'm effectively signing an emergency declaration under the covid crisis on behalf of the city. And the emergency declaration gives me relatively broad powers and some of these powers relate to -- to economics and to continuing employment opportunities. Anything we can do in the immediate term short of trying to hire more people which we know takes time. You know, not only is there demanded recruitment period but then there's training and systems and then there's updating people and giving them knowledge about the codes. Is there anything we

October 21-22, 2020

could do right now that could potential say suspend some of the regulations or some of the required checks that don't impact life safety but could speed this process up right now and get some of these permits vested before the federal incentives expire? What can we do right now?

**Esau:** Thank you, mayor wheeler. This has been on my mind and we've been working on several things already. I want it recap a bit of what we've done recently. So September 17th we put out a new program guide and it is available on the website. Part of the problem we're seeing with what is causing the delays are applications that aren't complete or they don't understand what the requirements are. So this program guide spells that out. It also liberalizes things related to dormers and solar permits. I think what we could and should be doing is additional outreach and training that the communications team that does great videos, training videos and what we do is put together some training videos on how to get a solar permit and the steps involved in what is required and how to get an application submitted. We've also opened up an e-mail, dedicated e-mail line for permits so we can pull those out and deal with those quickly. So that's gone into place already. The other piece I would work on in the next week, I can put together a team of reviewers who that is what they do so that there would be dedicated contact people for the solar industry and -- instead of having that work spread across whole review groups, we could have a dedicated team this does can that work. There by, get greater consistency to address the issues of frustration where they're getting staff that may not know the answer or they're getting different information from different staff. Those things come to mind. But I'll think about it.

**Wheeler:** That would be welcome. Angela, does that seem like a good near-term resolution?

**Crowley-Koch:** Having dedicated staff will definitely help. And I appreciate the director's commitment to do that within the week. I say videos on getting a solar permit is not the right place to spend resources. We know how to get solar permits. In fact we're often helping the staff by giving them information on how to process our permits. We've been focusing on more training of bureau staff and making sure everyone is clear on how to do that would be appropriate.

**Wheeler:** So you're -- your perspective is more internal consistency and internal training as opposed to a narrow focus on the external customers thinking of applying. Am I hearing you correctly?

**Crowley-Koch:** That's right.

**Wheeler:** Okay. That seems like that makes a lot of good sense. Director Esau, we assume you have Angela's contact information. Is that a fair assumption?

**Esau:** Yes.

October 21-22, 2020

**Wheeler:** Commissioner Ryan, I noticed you taking copious notes and I would be curious to hear your thoughts on this.

**Ryan:** I'm experiencing good government now, transparent dialogue, having someone give us critical feedback and having authentic director speak in dialogue with them. So thank you. What I'm noticing is the marketplace is going to be in your face. And bds is in that arena. So -- but we reconfigure and repurpose the staffing model. We're not hiring new staff. We set a budget conversation yesterday. So hearing the nimbleness of -- of Rebecca has been refreshing. We need to get continuous improvements and reel in the transition from more labor force focused on residential. And she was so on point about this industry in particular. This is really helpful. I won't even talk about the [indiscernible] thing. I'm looking forward to working with the team and responding to this great critical feedback.

**Wheeler:** Thank you. Good discussion to be continued obviously. And Angela, thank you for sticking around a little longer than people typically do when they give public commentary and I know you're knowledgeable on this subject. As always, thank you for your tremendous leadership. Do we have other comments before I ask for public testimony on this item? Do we have public testimony? We're in public testimony. Is there anything else is what I mean to say?

**Clerk:** No.

**Wheeler:** This is the first reading of nonemergency ordinance. It goes to second reading and commissioner Ryan I look forward to your further work on this. Appreciate it.

**Ryan:** Thank you.

**Wheeler:** The next item is item number 828.

**Clerk:** Proclaim October 2020 to be best cancer awareness month.

**Wheeler:** In the month of October, we honor and celebrate the friends and family members who have been diagnosed or know somebody who has been diagnosed with breast cancer. I like to introduce two guests who are joining us today for this proclamation. We have the mayor of Ridgefield, Washington, Don Soss who also serves as co-chair of the pink lemonade project and Susan Snow. The project is a Vancouver community based project. It has a wide range of programs and services for new breast cancer [indiscernible] who are in recover and those who serve in [indiscernible]. I think lemonade has an assistant program for goals [indiscernible]. A book called [indiscernible] about a new diagnosis outside of [indiscernible] offers a retreat [indiscernible] and emotional support to people with breast cancer. So how am I pronouncing where you are name? Is it stos or stas?

**Susan Stearns:** Stos.

October 21-22, 2020

**Stearns:** Already there's an expectation that patients will show up later with more breast cancers which will require harsher treatments and truly higher rate of cancer related deaths. So just -- it is an important year to talk about breast cancer awareness and get back to screening mammograms. We know our healthcare partners are trying to get the word out and show people that they could come in and get their tests done safely and covid protocols are in place. So just it is an important year for that. A little more pink lemonade project [indiscernible] decisions [indiscernible]. We have served almost 40 percent of our total participants are from the Portland side of the river so we're very involved and we do -- we do provide programs and in particular, our three-day retreats to Portlanders. With the support of my board but also with my joining the organization in the beginning of march of all crazy weeks it start a new job in healthcare we did really ramp up our financial aid program. To reassure you all that we have given out over 40,000 dollars of cash assistance to these in breast cancer treatment who get care across the Portland side. We've given dollars out on the Clark county side too. But cash assistance is going to help people in active treatment right now.

**Wheeler:** Awesome. Thank you. We appreciate it. Before I read the proclamation, anybody have anything they like to share?

**Eudaly:** Mayor, if I may ask a question.

**Wheeler:** Of course.

**Eudaly:** At what age -- is it currently considered best to begin getting mammograms?

**Stearns:** Good question. I'm not a medical provider. So definitely talk to your doctor first but general population about 40 years old, still is the current standard. Although there are -- there are -- breast cancers unfortunately are being diagnosed in younger and younger women. So definitely if you're below that age, I would still have a meaningful conversation with the provider and see if there's some higher risk category and bracketing being very obvious one and see if that makes sense for you to start screening at earlier age. Again breast cancer under other circumstances is -- is in many cases almost considered a curable cancer. So screening is very beneficial and if you have -- are at higher risk it makes sense to screen earlier to -- to catch a cancer as early as possible and I'm a survivor myself. You could get on the other side of it and live a long happy life.

**Eudaly:** Thank you. Thank you for being here today.

**Stearns:** Thank you all.

**Wheeler:** Commissioner Hardesty.

**Hardesty:** I wanted to thank Susan and the lemonade project. I appreciate you visiting my office

October 21-22, 2020

about a year ago. I just wanted to say how disappointed I am that there's not going to be an in-person event this year. We will get to the covid-19 and we will be able to meet in person again sometime in the future. Just want to applaud the great work that you do and your commitment to making sure that women have support in others who face breast cancer. They have support as they go through a difficult emotionally and physical process. Thank you.

**Stearns:** Thank you. [indiscernible] [indiscernible].

**Hardesty:** No doubt. Thank you.

**Wheeler:** Commissioner Ryan.

**Ryan:** I can do my comments during the vote.

**Wheeler:** There's no vote.

**Ryan:** Okay. So here I go. Susan, thanks so much for being here. Like most people my age, I know many people who have battled breast cancer and [indiscernible]. A doctor was attending to my healthcare needs and she never talked about her own challenges. It allowed me to dig in then and it is still the case and the disparities and funding of men and women and healthcare. I think more complicated bodies and they provide [indiscernible] so it is one of these why haven't we ever gotten better? Also, it is a second cause of -- common cause of cancer in women, breast cancer. Also this is a big disparity between the -- between -- between say when you measure between white and African American women.

**Stearns:** Absolutely.

**Ryan:** As a society we have to do better. When we talk about racial equity, tis parties are everywhere and especially in healthcare. I'm grateful for this.

**Ryan:** Thank you. Anyway, I'm glad I could still fit in.

**Stearns:** I'm sure I have a pink shirt on every day of October. He's been there with you.

**Wheeler:** With that then, Susan, it is my honor on behalf of the entire Portland city council it read this proclamation here on behalf of breast cancer awareness month. American cancer society estimates the number of new breast cancer cases in the state of Oregon will be 3,880 which corresponds to eight new cases each day. And October is nationally recognized as breast cancer awareness month. An annual campaign it raise awareness using pink ribbons which offers support for all of these courageously battling this disease. To recognize the many breast cancer survivors and honor those lives lost to the disease. Whereas breast cancer is the most frequent type of diagnosis of cancer. It is the second cause of death of women in the united states despite significant improvements in treatment and mortality rates and whereas pink lemonade project has the mission to educate and empower and support those effected by

October 21-22, 2020

breast cancer and effected by breast cancer across the Portland Vancouver metropolitan region and offers community of support for those individuals and families going through a breast cancer journey. Whereas, breast cancer awareness month is an opportunity to unite the community and spread the message about the importance of early detection, screening and prevention to women and men in order to prevent additional diagnoses or even breast cancer deaths. Now therefore I ted wheeler the mayor of city of Portland, Oregon, the city of roses do here by proclaim October to be breast cancer awareness month and encourage all residents to observe this day. Thank you so much. Susan, thank you for being here today to share about the pink lemonade project and that all of my colleagues for their comments as well. Thank you for acknowledging this.

**Stearns:** Thank you very much for the time on the agenda today. Appreciate it.

**Wheeler:** Thank you, you bet.

**Wheeler:** We move to regular agenda item 833.

**Clerk:** A mobile improvement district to construct street, sidewalk, storm water, sanitary and water systems in the northwest park avenue in Johnson straits local improvement district.

**Wheeler:** Pleased to introduce this item. This is for key approvals and directives made by the council on September 23rd, 2020 to advance the development of the Broadway corridor. These prior authorizations together with this ordinance with the creation of local improvement district insure that this public private partnership lays the foundation for diverse and vibrant new neighborhood and sets a new course for large scale community development in Portland. We envision this as Portland's next great place. It will be a transit hub and employment center and with dense residential housing and have active recreation and serve as Portland's leadership on sustainability. It will be a welcoming gateway that will strengthen connection s across the river. Broadway corridor's location and sites hold potential to help us manage our city's growth, housing approximately 2,400 new households and ownership of affordable a market rate and 4,000 jobs and to realize our [indiscernible] shared economic prosperity. This is one of the most complex and ambitious development projects that the city of Portland has ever undertaken. I want to thank the bureau of transportation, cross for Portland and array of nonprofit neighborhood and community partners who moved this important vision forward. I'm confident that with these agreements in place city council's leadership and the commitment of our public and private community partners we will build a new neighborhood that reflects our aspirations. Commissioner Eudaly, I don't know if you would like to offer any comments here.

**Eudaly:** Sure, thank you mayor. This will break up the large street grid in the pearl district and

October 21-22, 2020

connect any redevelopment to the pearl district on the west and old town china station on the east and with the existing access constraints from light rail on northwest sixth and fifth avenues and the current post office site and the l.i.d. Will improve access and circulation in the area while mixed use or transit development with excellent multi-mobile transportation options. I can only assume that Andrew is here to tell us more.

**Andrew Aebi:** Thank you for that warm welcome. If you would be kind enough to -- to switch over the presentation, we're going to be very brief today. We only have one slide to show to you. If you go to slide number two. So this side shows you a visual representation of where the streets will be built that will break up the large street grid as was mentioned. We will expend dollars for the [indiscernible] current [indiscernible]. We will connect [indiscernible]. We will connect to Broadway as well. To note for council that 54 years ago city council made a very controversial decision, passing ordinance number 362 which paved what was then known as b street, a very controversial decision. That street is known as west burnside street. It is paved today because of the first local improvement district that the city formed 154 years ago. Very pleased to report to council that unlike 154 years ago we have no objections to the formation. I recommend the counsel move this ordinance to a second reading next week and approve it next week. Happy to answer any questions you might have. Thank you.

**Wheeler:** Any questions at this point. I have a historical question and why it was controversial is because the idea of paving was new and transportation with horses. What was the controversy?

**Aebi:** I think it was controversial, mayor, been a while since I read the history on that. It went all the way up to the order. That was the first l.i.d. In Portland. The city was only I should say -- it was only seven years old at that point. Back then there was a lot of grappling going on without a -- without a pave all of the unpaved streets in Portland. They had unpaved streets. We had downtown Portland flooded every year. Back then we had unmet capital needs. Local improvement districts designed in the charter, we were trying to make this a little more [indiscernible].

**Wheeler:** I want to reply, not only do you you make it work in the present but I think the historical perspective is fascinating. Commissioner Eudaly.

**Eudaly:** I want to note that this is proof that you can never please all of the people all the time with any transportation project. I lost my train of thought. Thank you, Andrew. I'll note that, when we do this, we need it think 100, 150 years in the future because the future of Portland will live with the decisions we make today. That's a sobering and inspiring thought for me. I'm fairly certain that 154 years ago we have more commissioners than we have today. I could be wrong

but I think I'm right.

**Wheeler:** You probably are.

**Eudaly:** Thank you.

**Wheeler:** Any further questions before we open to public testimony. Public testimony, please?

**Clerk:** One person signed up. Thomas Corbett.

**Wheeler:** Hello, Thomas.

**Thomas Corbett:** Hi, thank you very much. This is my force city council meeting and I have been in Portland just three years to be a grandfather. My daughter is delivering within the next two weeks.

**Wheeler:** Congratulations.

**Corbett:** Thanks. I'm in St. Johns. Anyhow, to cut to the chase, I think it is terrific, there's -- I heard commissioner Eudaly talk about the future. I'm totally on board and will share that opinion with my friend and I'm very interested in history. I came from Chicago and I did lots of historical research so I'm going to learn more about the project. Thank you for the time.

**Wheeler:** Thank you, sir. We appreciate your participation. Any further comments before I move this one along? This is the first reading of the ordinance. Next 834.

**Clerk:** Appoint Ernesto Fonseca and re-appoint Diane Linn to it Portland housing advisory commission for terms it expire October 21st, 2022.

**Wheeler:** Very good. The Portland housing commission is for housing policies and resources for Portland. Sometimes know this committee as p-hac. They have dual interests and affiliations to take a comprehensive approach to housing policy and strategy to support housing needs of all Portlanders. Both Ernesto and Diane worked on the housing need of the people of Portland. Thank you Ernesto and Diane. With that we'll turn this over it Jessica Connor who is the Portland housing bureau director presenting the report.

**Shannon Callahan:** Hi, mayor and commissioners. Shannon Callahan at the Portland housing bureau. I wanted to do a brief introduction of both Diane and Ernesto who are here with us today. First of all, I wanted to thank them for free to go -- in Diane's case to continue to serve and Ernesto to agree to join the commission. During the time and community development partners are so strapped in the community. It is refreshing they will spend their time helping us and advise our work as we go forward both in how we address the covid pandemic and look forward to a brighter future with affordable housing development. I'm sure you know the background experience of Diane. She committed herself to public service her whole life, whether be as elected official or director of nonprofit. Her expertise especially as it relates to the community

October 21-22, 2020

land trust model has been great. We thank her. Ernesto as you know works with the community development organization. His knowledge and expertise of over two decades of housing and economic and community development, especially as they relate to serving the Latin-X community. With that I love to turn it over to Diane and Ernesto to say a few words. Thank you.

**Ernesto Fonseca:** Thank you. Diane, do you want to go first?

**Diane Linn:** No please go ahead.

**Fonseca:** I want to thank the mayor and the rest of the city council members as well as Shannon Callahan to invite me to be part of the commission. I am happy to be part of this and advise what the city of Portland can be and will be in the years to come. Covid-19 has shown us one more time that there's many [indiscernible] that we need to address and the affordable housing issue, affordable housing shortage is not ending with covid. We continue to be one of the major priorities if any city in the united states but for the city here in Portland, it is a big big lift that we have in front of us. The city has shown us over and over again that they're willing not only their work but also the dollars to make a difference. So I'm excited to be a part of this organization. I'm excited to be part of this group. I'm really happy to be here now. At the beginning when I arrived to Portland, I had a lot to learn. I went through my own changing and everything that comes to me and sometimes not in the best ways. With that, I'm desire to be here. I think we found our home in the united states and we plan to stay here if a very very long time. I want to see this change happening and if I'm part of it from in and out that would be fantastic. Thank you, everyone.

**Wheeler:** Thank you. We appreciate it.

**Fonseca:** Thank you.

**Linn:** I'll add a few further comments to say on behalf of my friends that p-hac to continue to work with the bureau and really focus on the extraordinary importance of home -- both housing and home ownership, the whole spectrum of need that the city is just so -- so important to focus on all of it and -- really your support as a city council to keep us involved in the community is really appreciated. It has been an interesting experience to see what is going on in the bureau and to help support their efforts and their capacity and -- that you are resources that are needed for what I believe is the most important issue facing us in -- in kind of a time of extraordinary crisis and catastrophes to be one of the times. And it feels like it is compounding. We got to keep our eye on the prize and keep working together and pulling our community together to keep -- to keep our -- our movement forward to get people housed at every level and I'm just happy to stay a part of this team and thanks to all of you for your leadership and service.

October 21-22, 2020

**Wheeler:** Thank you, we appreciate your service. You do great work.

**Wheeler:** Commissioner Hardesty has a question.

**Hardesty:** I wanted to -- this is my day to have a love fest with Shannon Callahan, director Callahan because I know that she takes a lot of grief on a normal basis but I'm very appreciative that Ernesto and Diane are being -- Diane reappointed and Ernesto being appointed because it is vital that we have diverse representation that brings their experience due to a variety of city oversight boards. I know that you had -- you went back and did more homework after we saw the initial list and I'm so grateful that -- that -- that -- that director Callahan actually is responsive to -- it concerns and issues that are raised with her. Sometimes it is easy to dig your heels in because we're all moving at warp speed. And none of us have all of the time we need to do the best we possibly could do. If we dealt with one crisis at the time we would probably manage it a lot better, but we don't have the luxury of dealing with one crisis at a time because we're dealing with four simultaneously. So actually appointees I look forward to working with you both. Diane, again, longer. You don't go away, do you? I'm thrilled you don't. Hopefully you'll save the transcript of city council because today I gave you a lot of love and it is all deserved. Thank you so much for your hard work.

**Fonseca:** Thank you commissioner Hardesty.

**Hardesty:** You're very welcome.

**Wheeler:** Thank you. Entertain a motion.

**Eudaly:** So moved.

**Ryan:** Second.

**Wheeler:** We have a motion from commissioner Eudaly to accept the report and second from Ryan, any further discussion? Seeing none, Keelan, please call the roll. [roll called].

**Eudaly:** Very nice to see you Ernesto and Diane. It has been a while. Proud ground and hacienda are two of my favorite organizations. I'm thrilled to have your invaluable expertise on this committee and I'll just say it is especially impressive on top of everything else that you're doing for our community. So thank you, Diane, for staying with us and welcome Ernesto. I vote yea.

**Fonseca:** Thank you.

**Clerk:** Fritz.

**Fritz:** Thank you for your willingness to serve. I appreciate it. Yea.

**Clerk:** Ryan.

**Ryan:** Good morning, Ernesto, welcome, so refreshing to have your perspective. Diane you're the definition of resilience and thank you for continuing to serve. We're both from the same

October 21-22, 2020

sector and bump into each other quite frequently. I'm glad to know we have both of your voices at the table. Don't be shy. Yea.

**Clerk:** Hardesty.

**Hardesty:** Yea.

**Clerk:** Wheeler.

**Wheeler:** We are so fortunate, Diane, to have you. You're one of the most courageous and selfless leaders in the community and your willingness to serve on this commission has been invaluable to the work that we're doing through Portland housing bureau and making it is accessible to Portlanders. Ernesto, you're smart and knowledgeable and bring terrific experience to the table. I couldn't be more thrilled to have you join phac. I hope you didn't check out the salary. I know you're up for it. Thank you and your comments about you and your family feeling that Portland is your home and where you're going to stay for the long haul, that's really exciting. I'm pleased to hear that. So thank you. I vote yea. The report is accepted. The appointment is approved. Thank you.

**Fonseca:** Thank you, mayor, thank you council.

**Linn:** Thank you.

**Wheeler:** The next item also related to the housing bureau, 837, please.

**Clerk:** Approve application under the multiple unit needed tax exemption program under the inclusionary housing program at 4245 Milwaukee avenue to increase the number of units.

**Wheeler:** Welcome.

**Wheeler:** They're awkwardly into the camera. Is -- Shannon is Dory here with us?

**Callahan:** She was on mute.

**Wheeler:** That wasn't my record. I think my record was 45 minutes of staring awkwardly during the camera during the first city club debate. Good to see you.

**Dory Van Bockel:** Thank you, mayor wheeler and commissioners. I'm here today to talk about two more applications, so my presentation will cover them both. But I will start with the one that you first mentioned. But in general, can I start a PowerPoint, so give me a second to share my screen, please.

**Wheeler:** Would it be helpful if we read both simultaneously or do you have two separate presentations?

**Van Bockel:** It would be great to have both.

**Wheeler:** Why don't we pause and do that. Keelan, could you read 838, please.

**Clerk:** Sure. Amend approve application under the multiple unit limited tax exemption program

October 21-22, 2020

under inclusionary housing program for apartments located at 1645 southeast new Hammond street and to increase the number of affordable units.

**Wheeler:** Thank you.

**Van Bockel:** Okay. To give a quick update on the program. Reminder of our history with it. Starting in February of 2017 any building adding 20 or more units is required it contribute to the city's affordable housing inventory through the inclusion program. Developers must choose from several options to fulfill the requirement and providing affordable units in otherwise market rate buildings is they're not either and sending to other buildings and in to the inclusion housing fund. So along with other incentives, the tax exemption and the multi-program is one of the financial incentives provided to inclusionary housing buildings that elect to provide the units on site rather than pay a fee. Each application does come before city council for approval as part of the -- of the state requirements of the multi-program. So as far as the two projects that we have here, it is Nehalem apartments and the brook hundred apartments. The buildings actually approve them and they started the permitting process and made adjustments to the permits requiring us it make an adjustment to the inclusionary housing approval as well as the tax exemption that will apply toward the projects. To run through quickly what has happened, and the Nehalem project first. This is changed slightly increasing from a 63-unit four-story building to a five-story building. The unit mix has not changed too much but has increased a little bit in -- in one bedroom units in particular. So the total affordable mix will -- will have 60 percent units for housing units. There's 80 percent that are being restricted additionally under inclusionary housing in order for the project to receive a larger parking exemption which is -- which is through the zoning code. However, the tax exemption is only applying to the units in excess of the minimum inclusionary housing requirement at 60 percent of -- of -- of -- medium family income based on the rules of the program. So a lot of layers on this project is a receiving site. There's the minimum requirement of the building and then the additional units that are being transferred from a couple of other projects in the area. The units that will be restricted have to be equivalent not only in the building providing the units but also to the buildings that are sending the responsibility for affordability to this building. So again, there's a few different layers of programming. That's how we come to the total units. The breakdown a little further with the tax benefit, we updated our slides a little bit from prior presentations just to try to break things out a little more. You know, the difference between the prior ordinance and what we're looking at now, it has not changed significantly but by adding units and changing the sizes a little bit, going through our -- or financial model does change things a little bit. But we're still on a total

October 21-22, 2020

ten-year value somewhere around 430,000 dollars is estimated in the tax exemption that would go to the building. As far as the benefits to both the tenants and to the developer we looked at market rents for the neighborhood where the Nehalem apartment units are in the area. So the market rents for studios are around 1300, where as the 60 percent are around 967 or 1290. There's an average discount across the different sizes of units between the market and the affordable aren't of 409 dollars per unit which annually comes out to about 4900 dollars. So we did compare that to what that would like over 99 years of affordability. There's extrapolation and assumptions to be made of course. But using that 409 dollars of average discount over a month the value of the tax exemption is only 58 dollars in comparison and looking at it for the total building on a monthly basis, it is 16,282 dollars. Again we put it out then annually what that would look like and then over the full 99 years there's a potential rent discount if -- if the same difference obviously was in effect. That's what I mean by extrapolating things out of it. But compared to an estimated tax exemption value there's -- there's obviously a huge significance in the -- in the -- in the -- in the really the subsidy or the discount that the -- that the owner of the building will take by providing the affordable units. So are there questions before I move on to the Brooklyn apartments?

**Wheeler:** Commissioner Hardesty has her hand raised.

**Hardesty:** Thank you, mayor, I thank you for the presentation. I couldn't find if the square footage amounts would be the same for affordable units a for the market rate units.

**Van Bockel:** There's a requirement in the inclusionary housing program that any of the affordable units are at least 90 percent of the size of the average unit per unit type. So for a studio, one bedroom, two bedrooms. We even break it down further between the unit types, for instance with -- with a one bedroom unit, some buildings have, especially in the more denser buildings have in windows in the building. They have a sprinkler system instead. So we are tracking those separately from -- from one bedroom with a window. We break out all of those things and then within the -- the covenant, the agreement that is recorded on title to the property and then we base our compliance on, we put a minimum square footage that at any point during the 99 years, those affordable units need to meet that limit and that's one way to be equivalent to the other units in the building.

**Hardesty:** Thank you.

**Van Bockel:** You're welcome.

**Van Bockel:** I'll move on to the next project then. That is Brooklyn. So this project also changed not too significantly, however, there's a -- the increase was primarily in the one bedroom units. It

October 21-22, 2020

went from 160 units to 166 with some changes along the way. Again we don't know exactly what caused the building to change. It was as they -- they pursue their financing further and move forward with their projects they often have to make a few tweaks to make everything work. The changes in this one, we have also a reconfigured building. The prior one and the current scenario. This developer is choosing to reconfigure the total bedrooms in the building in to larger family sized units. So the minimum percentage of units, we calculated out the minimum bedrooms and then that was -- we recalculated into the total bedrooms they could provide as long as they were at least two or three bedroom units. This results in a project where we will have five three bedroom units and then two studio units that will be restricted over the 99-year period. Again, like with the other project these units will need to have at least 90 percent of the average square footage for any affordable units based on the unit type of cost for the building. Breaking down this one, just again the way that -- that all of the numbers break down and unit sizes and represents calculated in the financial model, we have a little bit larger tax exemption over the ten years extrapolated out but not a huge significance at all between the two projects because the total units didn't change that much. It is about 1200 dollars if total unit of tax exemption value per year. How we look at that then over a monthly discount between the market rents and -- and the -- again the market rents for the neighborhood and then with the affordable rents, the maximum rents that -- that the -- that the project can charge. That would include any utilities as well so I don't think I mentioned before that the -- that the -- that the power and gas, et cetera, any heating would be included in that maximum number. The difference between the studio and the three bedroom apartments again on an average is 695 dollars a month although these particular units even at 60 percent, the market is fairly low but over the years, over 99 years we do generally expect based on the -- on the market environment to see market rents increase further or at greater pace than the affordable rents do. So looking at comparison together extrapolated out over the 99-year period we are assuming again that average monthly rent discount of 695 dollars a month whereas per unit it breaks down to ten dollar tax exemption on a monthly basis. So over the -- over the -- for the total building since only the affordable units are restricted in this case with the projects being outside the central city, the total projected tax exemption being 83,000 roughly based on a -- a potential rent discount of up to 5.7 million dollars over that 99-year period. So with that I will complete the -- the presentation but I'm happy to answer any questions.

**Wheeler:** Very good. Thanks any questions? All right. Any -- commissioner Eudaly.

**Eudaly:** Thank you, mayor, I'm sorry, did we just hear both 837 and 838 or are we -- we did?

**Wheeler:** Yes.

**Eudaly:** So I do have some questions on 838. So this project is an interesting one. It has affordable units. It is receiving site for another project inclusionary housing units and has additional affordable units. My questions are about the receiving site units. How these units compare in size to the units at the site sending units. I apologize if you already answered this question when commissioner Hardesty asked it. Don't go into tail, I just want assurance that they're adhering to our expectation that the units are comparable, affordable units are comparable to market rate units.

**Van Bockel:** I did mention briefly but I'll quickly review that the requirement for reasonable equivalency applies within an inclusionary housing building also applies to the sending receiving building relationship. So we review plans both for the sending building as well as the receiving building. We'll restrict the units within the building that can be affordable based on -- on the 90 percent of the average of the light units. So again breaking down the studios, the different types of one bedrooms and two bedrooms and so not only within the building does it have to be met but also based on what units are being sent from other projects. So as complicated as this project is it actually is a receiving building for two different other buildings, all by the same developer. The buildings are actually pretty similar in size, so I think that's why it was a natural choice for them to choose this. This is actually currently the only building in permit that we have that is a receiving site right now.

**Eudaly:** Our inclusionary housing program requires that onsite affordable units be evenly distributed throughout a building to avoid a phenomenon, to avoid concentration of low income housing and a segregation between market rate and affordable units. So can you explain to me how the housing bureau considered these objectives and sent them to offsite options and should we be concerned about what the projects and affordable units being concentrated in one development? I'm very open to being informed otherwise but this feels like a corridor to me where you see affordable and market rate units in one building and the affordable unit residents have to enter through -- there's an entrance to segregate people in a mixed income development. But here we have entirely separate building.

**Van Bockel:** So couple of things here. First of all, where the units are within the building. With the program units on site there's a requirement that no more than 25 percent of affordable units could be within one. We're able to apply that provision when there's multiple buildings sending to one site, because there's so many affordable units that they have to be just naturally mixed within the building and also what we have seen is the way that -- that at least in a building

October 21-22, 2020

where there are a mix of studios in one bedrooms and that by requiring a mix of unit types, it is more likely they'll be with that many units in the building affordable spread around the building. I mean certainly there are market rate units still in the building. We do require that with the other affordable or reasonable equivalency requirements of the program that the units have the same durability just meaning that they're built to the same standards, have -- should have the same at least durability and such as the flooring so they're in the markedly different units and any that would be market rate. We're also allowed for the units to float should one person move an able to meet the affordable income requirements. The program on the whole and certainly off site program has [indiscernible] of the program was you know a lot of different things that we could consider as -- as -- as what we make the project work. Gone, you know, the project as a whole inclusionary housing as a whole. Certainly since this is market driven and one other requirement, though, for sending units is that may be at the same opportunity score or better. So as far as the mapping that the city has done for -- for things within the neighborhood so units being sent from one building to another need to be at a like or better area opportunity score. That's one consideration we made. Then additionally they have to be within -- within -- or they have to be within a half-mile of the other buildings. We're getting the units still within the same neighborhood. For this particular project it was an easier financial model for one developer to make one building. It was easier for them to lease it as such with all of the -- all of the affordable screening happening within one building. That's what they told us what their option is. Since it is a market driven program and allowing for more flexible with the offsite option, this is how we've kind of made those different requirements still get the best buildings and the best opportunities for the affordable tenants.

**Eudaly:** So what percentage of market rate units are in the receiving development?

**Van Bockel:** Let's see, so this building has 30 of the 75 units, so about 40 percent is market rate.

**Eudaly:** Okay. Yeah. I'm concerned this is not entirely in the spirit that these rules were intended and that we know current best practices are to create mixed income segregated developments and so I'm still concerned about a concentration however, we know 50 percent of the residents need affordable housing. So in a way, it is almost a natural mix of affordable versus market rate. And I don't want to give the wrong impression. I'm very pleased to see this increase in affordable housing and I will support this item. I'm -- as I've expressed before, I'm just really interested and concerned as to whether there are some loopholes that we need to kind of tighten to drive the development that we want to see. This seems reasonable. Yeah. Thanks.

**Wheeler:** Hardesty?

October 21-22, 2020

**Hardesty:** Thank you, mayor. I thank the commissioner Eudaly. As you were asking a question, it occurred to me that director Shannon, are there changes that should be on the legislative agenda? Because we have had this conversation for a while about -- about the benefits of inclusionary housing. We now have experience with it. And what I -- what I -- I agree with commissioner Eudaly that based on our experience now, what we know is that there's some developers that cut, make what we're calling affordable units because again 80 percent is not affordable, 60 percent starts to be affordable. What we're calling affordable units are not being made at the same image as market rate units. I think about the requirement of it has to be 90 percent of the size and the question is it at 100 percent. Why didn't it match what the market rate is? When I think about as -- as commissioner Eudaly said, do we need to make sure there's a separate entrance for low income folks as compared to market rate folks? Are we looking at how -- we know some of the units that -- that you know pretend they're building family units and they building family units in a studio building which is inconsistent with how families live. So I would, I'm really interested, we're contemplating legislative proposals that address some of the shakiness around this inclusionary housing program.

**Callahan:** Thank you for the question. First of all, I did want to say you know, we have one of the most expansive programs regarding inclusionary housing in the state if not the country. We have chosen a city wide policy that insures market rate developers are including some level of affordability within the building. That said, we have some sideboards that have been given to us by the state when they granted us the ability to use this program. First and foremost we can't require below 80 percent in our program. We must provide some type of incentive. With those -- those are two major sidebars for the city to address. One thing we often wanted to do is respond to any requirement for mfi or at least lower it to 60 percent mfi so that we can craft a program that better serves the need of Portlanders. We asked government relations to consider that this year. It would take state legislative action and a couple of the other things I think you noted, in the particular building we have made sure that there is not [indiscernible]. We don't want amenities or anything to be denied to any of the tenants. I understand what commissioner Eudaly is raising in this particular building. In each of the buildings, the developers are choosing to adapt the program. There's some experience on our part that I think we need to look at. Some of which can be addressed with our administrative roles, for instance the reasonable equivalency standard of 90 percent is actually in the housing bureau's administrative rules. When those were originally crafted -- no building is exactly equal in terms of the building size or otherwise and in trying to make sure that we also were able to get the units on different floors so that we weren't

October 21-22, 2020

just putting them on the floor, we have tried to create some -- some rules to be able to deal with the realities of how buildings show up. What we're doing is we're getting a building from these developers in the market and then we're trying to apply the rules to them. So I think it is -- it is a good question for us to check. One of the most important things to us when we set the administrative rules is making sure that we see different finishes so that you don't have -- don't have fancy units with a lower income unit versus market rate. So I think we could look at that with our team and see if there's changes that could be made. On family units, I'll it will you every option that we brought to city council when we adopted the policy back in 2016 was calibrated for -- for financial incentives overall. They work differently as to the actual development but the one that was not calibrated or -- or really considered was late in the legislative process was the configuration. I think whether or not we choose to continue to allow that bedroom configuration where you end up with four bedrooms in a building that is all studios I think there's questions about that and things our team can do. You talked about this in the past on tightening up the administrative rule side. One thing you didn't bring up commissioner, that's something I'm circling with a bit. I look at administrative rule making. What is a bedroom? We are applying rules that are from code but I have great concerns about -- about what is a bedroom size, does a bedroom have a window? Especially as we looked at the three bedroom bonus that you approved by better housing by design, you know, the old school definition of a bedroom, I'm sure you all have this in your mind, it has a window. It has a closet. That's not what is within the code. I think there are some questions as we look at other loopholes that I've already talked to -- to -- to director Durbin about looking at. I'm concerned as we add more bonuses for bedrooms, that's something that does not in my sniff test represent a bedroom could go forward. So I'm sorry if that was longer. I have a response that I felt since you asked so many questions it deserved a full response.

**Hardesty:** I appreciate that. I didn't mention it because I didn't want my part of the conversation to be longer than it needed to be. So I'm glad you brought up the bedroom size and configuration because as you know, we all on the city council have had heartburn on some of the ones we've seen that added like 10 or 20 square feet and all of a sudden it is a three bedroom unit. That's not acceptable. So I'm happy to hear you having those conversations internally and certainly whatever sustainability can do to help us clarify that and make sure that we're not in fact disadvantaging folks who are -- have a lower income. Let me say again, I think we need to relook at the 80 percent mfi because you know 80 percent of mfi, somebody is making a lot more money than poor people in our community are making. So I would really like

October 21-22, 2020

to know how that calculation translates into what we're calling affordable housing because it is not affordable, not people that are working two and three minimum wage jobs. That continues to concern me. Because yeah, the benefit is minimal to the developers, but I think we need another term that doesn't present affordable housing. If it is mid-level housing, it is misnomer to community members that think we're building housing that they'll be able to live in. Once they see it, they know that is housing that is not affordable, not for working class people. Especially service industries that are -- are -- are being unemployed at higher rates at this moment. I hope we have an opportunity to -- to deepen the conversation and make the larger changes for the -- for the changes at council that we need to make to really make sure that we have an impact, where we see we want to have an impact. Thank you.

**Wheeler:** This is a great discussion and these are definitely important data points for the future. I like to move on because I don't want to lose our quorum, I'm going to have to go pretty soon. Any discussion on these two items? Keelan, is there public testimony on these two items?

**Clerk:** Yes, we have one person signed up for both 837 and 838. Thomas Corbett.

**Wheeler:** Very good.

**Corbett:** I'll be very brief, mayor and commissioners. So I worked in the housing sector in Chicago for years and was involved in the zoning discussions for the removal of Robert Taylor homes. And density is really important and people have brought that up already. So having -- having -- having one housing project or one building taking a majority of the -- of the affordable housing doesn't always work, certainly doesn't for a lot of reasons. That's my first comment. As you move forward, look into the distribution like -- like commissioner Hardesty was talking about. The second thing is having been an independent building inspector doing work all across the country, my experiences with most of the codes and I haven't read Portland's yet, bedroom is 10 by 7 minimum and limits the amount of people that could sleep in that space and also and thank you for the clarification, in order for a bedroom typically, not Portland, to be called a bedroom it need to have a window with 8 percent of the square footage of the floor and some ventilation to help provide circulation and light which is necessary. So it might be just a moot point that I'm raising here if it is discussed by code. Those are the issues I like to bring up and thank you for the time.

**Wheeler:** Thank you, we appreciate it. Very good. Then with regard to item 837, any further business? Please call the roll. [roll called].

**Eudaly:** Thank you, this is a good thing. We need three bedroom family units. We're not providing market rate three bedroom units. Our inclusionary housing rules have requirements.

October 21-22, 2020

They need it add bedrooms without significantly increasing the overall footage. I'm relieved the developer scaled the size of the three bedroom units. The extra square footage for the average unit is greater than the extra square footage for two bedroom units. While I'm for the convinced apartments as small as 860 square feet are family sized, I guess it depends on the size of your family, I appreciate the developer's effort to increase the size of the units. I support this project but as I -- I said today and many times before I remain concerned about tightening requirements. We're leaving loopholes that could lead to -- to -- to -- to situations that we don't really want to be incentivizing. Projects can meet the letter of the requirements while failing to deliver on the spirit and the intent when we created the bedroom configuration option. So I look forward to this conversation continuing. And the housing bureau's proposal it strengthen our i.h. Requirements. Thank you Shannon. Thank you, mayor. I vote yea.

**Clerk:** Fritz.

**Fritz:** Especially appreciate Director Callahan's summary of this policy and the history of it. That was good and succinct and detailed challenges and some of the successes. I believe this is innovative and successful project part my because of the work of doing a fantastic job of answering our questions. Very happy to support it. Yea.

**Clerk:** Ryan.

**Ryan:** Thank you, Shannon. That was a great presentation. I think we're framing the dialogue that we need to have about inclusionary housing that we could have with the legislative agenda. The last months, the conversations are repeating themselves. Dr. Callahan, I like -- I appreciated your dialogue with commissioner Hardesty going into the sidebars. It was very helpful to hear your perspective on that. I realize we're in the right support of the way the details are. It seems volatile. It comes down to not having enough family units so they could live in Portland. That's really what is [indiscernible]. I'll vote yea.

**Clerk:** Hardesty.

**Hardesty:** Thank you very much for your fabulous presentation. Thank you once again director Callahan. You and I had this conversation on a regular basis. I look forward to working with you to help make the legislative changes necessary as well as whatever changes in the city of Portland. We're starting to see a -- a -- a -- a -- return on our efforts around both family size units as well as single occupancy units. But as we all know, we could do better. We need to make sure when we say affordable from the city level we mean it is affordable. I vote yea.

**Wheeler:** Thank you everybody for the conversation and discussion. Thank you Shannon for the clarification. Sound like there's a desire on the part of the council to review those components of

October 21-22, 2020

this program that we control directly. Shannon, you indicated there's a couple of those pieces. Some of the most substantive conversation came around proposed changes to state statute. So we should make sure that this -- this gets injected into our legislative agenda. Shannon, I will await proposal from you with regard to how you believe we should handle any further refinements on this relative to the city's own part of this. We had, to my count, four different multis come before the council recently and those issues been raised. Rather than revisit them every time we have a multi-let's decide if the barriers are insurmountable or move on. I don't know if that's a work session or it gets encompassed the in study that is being scoped and I know you're going to walk around the council offices in the near future. Let's look for end point on this. I vote yea. Ordinance adopted. Please call the roll on item number 838. [roll called].

**Wheeler:** Eudaly.

**Eudaly:** Over time these items have given us the opportunity to evaluate the inclusionary housing programs. I continue to find this as a whole has been a tremendously successful program. While I have options and critiques, I want to make it clear that I absolutely support it. I just feel that as with any new program there are opportunities to tighten requirements and learn from early projects in order to really generate the types of housing that we want and need for our community. So thank you for your patience and walking through this project and answering my questions today. I vote yea.

**Clerk:** Fritz.

**Fritz:** Yea.

**Clerk:** Ryan.

**Ryan:** Yea.

**Clerk:** Hardesty.

**Hardesty:** Yea.

**Clerk:** Wheeler.

**Wheeler:** Yea. The ordinance is adopted. Thank you, everybody, next item and I believe the last one is 839.

**Wheeler:** Authorize a contract with the lowest responsible bidder for the southwest capital highway, west Portland project.

**Eudaly:** Thank you mayor, reaching the construction stage on this project is a major milestone. The culmination of planning design and community involvement efforts to go back 30 years. Active, not 150 like we heard earlier today, 30. Impressive. Active efforts have rated this southwest capital highway as a top priority. And residents successfully convinced the governor

October 21-22, 2020

not to veto it. We're pleased to pull funds with the bureau of land services and the water bureau to deliver a cohesive project that delivers multiple issues efficiently in one project. D.e.s. Is contributing 10 million to the project and Portland water bureau over 2 million. The project for the construction manager slash general contractor method for project delivery ultimately did not result in the [indiscernible] we're maintaining or commitment by a successful low bid contractor to take part in the subcontractor equity program. This will track monthly participation of dmwbsb contractors and sharing of this consideration at the monthly equity and inclusion committee. The cic is set up to oversee projects and this process will keep them informed on the utilization efforts of our project. It is important it note that the cngc's price was not high because of dmwesb utilization. Those subcontractors prices were reasonable. It was the amount of soft costs and the contingency of the cng added to the price and we were the no able to negotiate away. With that, I will turn it over to -- to Steve. Steve, I'm going to learn your name one day.

**Steve Szigethy:** No worries.

**Eudaly:** Yeah. Unusual last name sympathizer here. The capital program manager for today, and presentation. Welcome, Steve.

**Szigethy:** Thank you commissioner Eudaly and thank you mayor and other commissioners. Again for the record Steve project manager at PBOT. I'm going to share my screen here. If you don't mind, let me know that you're seeing the presentation slides and not -- that shows up. One moment, please. How is that looking?

**Eudaly:** We can't see anything. You look fine, though, you look great.

**Zigethy:** I practice this like three times before I came on. Let me try one more time.

**Eudaly:** I never had to do it, we understand.

**Zigethy:** Again, this button here. All done.

**Eudaly:** Perfect.

**Zigethy:** Okay, thank you for bearing with me. I'll try to get this more quickly here. So again, Steve here and available here virtually for questions if necessary or my colleagues, Lisa project manager from d.e.'s water bureau. An our chief procurement officer Lester and on behalf of my colleagues we're pleased to be here to authorize bidding on the project. It is providing water system upgrades on ferry road and garden road. The project has long history of advocacy and planning and project development efforts, including three documents that you see on the left side of the screen and then with voters approving improving the streets, we were able to put together funding commitments with our renters to start design engineering in 2016. Since 2016 we have a robust process that informed the design. We worked with a neighborhood group

October 21-22, 2020

called capital highway subcommittee that we met with at times. We had often visits. We had bulletins and all of those good things. The transportation scope consists of a sidewalk and protected bike lane on the east side of capital highway from Berger street. We have a narrower design on that side due to topography challenges. Four new crossing improvements that will line up bus stop locations and other site improvements including sidewalk on golf court and paving and gravel street on 42nd avenue. The storm water is significant. As amended, we're happy to have environmental services contributing over 10 million dollars to the project if design and construction of the facilities. The scope on the storm water side has conveyance on the highway and that results in detention basins. It is 50 acre area. The wood creek facility often need work in the natural area, including stream restoration and habitat enhancement and replacement of a small pedestrian bridge. The scope including upgrading water mains from duxal iron pipe and including upsizing the pipe and that pipe is more resilient to seismic events. Having all three upgrade this really saves ratepayers and taxpayers money and avoids disruptions. We believe we have a well-funded project of 26 million dollars. We believe the contract to be approximately two third of that. This is the unusual step that we need to enter into an understanding and get signatures from the bureau directors before we go out to bid next month. Earlier in the project, we were using the contracting and we had a contract with James w. Fowler and company for the preconstruction phase which includes things like constructability review and traffic control plans and value engineering. The community equity inclusion plan. We even removed some trees in advance of the project prior to construction. That was in negotiation for guaranteed maximum price. Unfortunately the cmhc was very professional and skilled and we were -- we had a very good relationship working with them. We were not able to reach acceptable price. That's after three back and forth iterations. So with the advice of our bureau partners we made difficult decision to off ramp this project to the low bidder process. I want to emphasize that we're committed to the equity and contracting as Eudaly mentioned. Here's things we have done and will be doing it maintain this commitment. During the cmg phase we did reach out to certified subcontractors for the project. While that cngc firm is no longer on the project, the larger contracting community we believe a well where the project and equity with the ongoing outreach to certify contractors and minority contracting organizations including amac and pbg and others. A special shout out to our contracting specialist terry water has really taken a lead on the outreach. As mentioned the contractor will be required to take part in the program which includes mandatory utilization program and monthly reporting. We'll share that information with the community. That program goal is 20 percent of

October 21-22, 2020

the -- of the contract dollars going to those firms. And in addition we're going to do a prebid meeting where we reinforce two potential it bidders that we need it meet those goals. As the recent audit, the infrastructure bureau having some challenges have done well, in particular PBOT has met the 20 percent, exceeded a 20 percent target and has reached 20 percent just with minority owned businesses alone. So we think we're doing well. Obviously as we seen here, when we bring contracts to council, those numbers do vary by contract. We are confident this project because of the different scopes of work and skills involved with the size of the project, we're optimistic we'll get good participation on this project and be back with you to accept the eventual project.

**Wheeler:** Commissioner Hardesty.

**Hardesty:** Steven, would you go back to the other chart? Yes. I think you're correct when you said you've done okay. I would say you've done okay making this available for minority contractors. As the audit report suggests it doesn't -- it doesn't tell us that it is so when you bundle everything together. What we know is when we disaggregate it black and indigenous and other people of color don't do as well as we first thought they did because of how we bundle the information that we present. I think it is really critical that you actually unbundle that information so that we know specifically where these public dollars are going. I know having a monthly meeting of oversight you'll have the ability to actually correct course long before this project is done and that would be my expectation is that we're monthly tracking the utilization and not just as a -- as an -- in a disaggregated fashion. Right? I don't want to ever see another celebration of us reaching our goals that include no people of color and we do that on a regular basis. So I appreciate you being thoughtful about the audit but I think we -- I don't think, I know we must do so much better than we've do not. And as a leader in this field because you -- you -- a lot of these projects, I'm looking to you to come back with some -- some -- some much better numbers than what we've seen in the past.

**Szigethy:** Thank you commissioner Hardesty. That's an important point about the audit. We will commit to working with procurements it track this and including the disaggregated fashion that you mention.

**Wheeler:** Commissioner Fritz.

**Fritz:** Quick question. You mentioned the inclusion committee, is that the equity committee?

**Szigethy:** It is not, it is a citywide committee that was put together by procurement services primarily for the alternative contracting projects.

**Fritz:** Thank you.

October 21-22, 2020

**Wheeler:** Steve does that complete your presentation?

**Szigethy:** I have two very quick slides that I can just breeze through. You see the schedule moving forward here that has us going to bid next month and construction starting in February. They we like to take this opportunity to make people aware, this project will involve a significant detour of southbound traffic and properties remain accessible. We'll work with the community to inform them of these construction impacts moving forward. That's all. Recommendations to authorize the contract to the lowest responsible bidder.

**Wheeler:** Thank you for your presentation. Any further questions before we go to public testimony? Keelan, any public testimony on this item?

**Clerk:** No.

**Wheeler:** Any further discussion before I call the roll? Please call the roll. [roll called]. Can we take the presentation down now, please. Thank you. I just want to quickly thank PBOT staff including Steve of course for the work on the project and the water bureau for your partnership and last but not least the community advocates who helped make this project happen in the first place. I vote yea.

**Fritz:** Thank you to those that are participating in a major way. It is a great example of collaboration. I'm excited about the project. Glad it is going to continue to move forward bringing some much needed improvements in my area of the city. I'm excited about the project moving forward. Yea.

**Ryan:** Thank you Steve. That was a great presentation. I noticed hutch the revenue for this investment comes from fixing streets and I hope there's -- there's -- there's some sort of signage that makes it clear to the voters that we're expending this money wisely because it is a great project and sometimes in my neighborhood I see these things going on and I don't see us giving ourselves credit for expending those funds. Anyway, great presentation. I vote yea.

**Clerk:** Hardesty.

**Hardesty:** Yea.

**Clerk:** Wheeler.

**Wheeler:** I want it thank Steve. That was a really good presentation. I want to thank the staff at PBOT and the water bureau and others throughout the city that worked with this project. I want it thank commissioner Eudaly and fritz for their leadership on this project. It is a really good program. I look forward to seeing it come to fruition. I vote yea. That completes or agenda, does it not? Ordinance is adopted. Thank you everybody.

October 21-22, 2020

At 12:32 p.m., Council recessed.

October 21-22, 2020  
Closed caption file of Portland City Council meeting

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Key: \*\*\*\*\* means unidentified speaker.

October 21, 2020                      2:00 p.m.

**Fritz:** The afternoon session of the October 21, 2020 Portland City Council meeting. Please call the roll Keelan.

**Clerk:** Good afternoon, madam president. [roll called].

**Fritz:** Thank you, we have two items today. Can you please read these two items together, Keelan? Oh sorry, we are supposed to do the rules of order and decorum. Let's go to Lory, the city attorney.

**Lory Kraut:** To participate you can sign up for the first reading of the ordinance. The agenda can show how to participate. When you testify state your name for the record. Please disclose if you're a lobbyist and if you're representing an organization, please identify. The presiding officer determines the length of testimony. Generally you have three minutes to testify unless otherwise stated. Disruptive conduct and refusing to complete your testimony when your time is up or interrupt or council disruptions won't be tolerated. All meetings are recorded.

**Fritz:** Thank you. Thank you for correcting the split incentive that has really given joy to my heart this afternoon. Now, please, could you read the two items on the agenda.

**Clerk:** Two infrastructure for expansion of the waste water treatment plant and secondary exemption project. 842, amend contract with ch2m hill engineers, permitting construction support engineering services for Columbia boulevard waste water treatment plant. Not to exceed 14 million dollars.

**Fritz:** Thank you. Colleagues, the treatment plant works throughout the year. Especially in storm water [indiscernible].

**Fritz:** During environmental services step program which is the secondary treatment expansion program marks the largest of the treatment plans in half a century. This is old and will develop necessary improvements.

The secondary treatment and expansion program will increase the biological storm water and

October 21-22, 2020

will provide a healthier environment for workers. It will meet the city's green building and energy climate and regular use goals. The program provides significant subcontracting and workforce devoted opportunities. This is first implementation of the agreement passed in 2014. This is a community benefits agreement project. It is not in the community opportunities program which we'll hear about tomorrow from the auditor. So it is exciting to bring support for you. Commissioner Hardesty, we will get to the opportunity available to the community. The procurement for today provides highlights of first guaranteed maximum price agreement with the contractor and associate construction of treatment plant. Here today with a presentation are Lester, the chief procurement officer and Muriel gates, the step program project manager. We will hear from several step team partners. The step program which is the largest upgrade in the city street plant involves the complexity of working within an aging plant while keeping it working continuously and safely as design and construction occurs. Thank you to Muriel's team for participating in this project. With that I turn it over to the team.

**Muriel Gueissaz-Teufel:** Thank you. Thank you Commissioner Fritz. My name is Muriel, I'm program manager for step. I will share my screen.

**Gueissaz-Teufel:** Thank you. So I will start right away. As Commissioner Fritz said, we're here for two council requests, since we haven't been in front of council since 2018, we're going to give an update on what the project is and why we're doing it. We will focus on a support program of professional services, specifically in the contract we're seeking amendment with today. We will spend time on the first construction cba passed since the resolution, since the resolution passed in 2017.

**Gueissaz-Teuffel:** So Columbia boulevard treatment plant, the largest in Oregon, is located on lower county boulevard. It is a critical asset to the city. It serves every resident, every business, every visitor, everyone coming through the city. We like to think that most people don't want to know what happens after they flush or they brush their teeth. We like to keep it that way. That requires significant investment in the treatment plant. Most of all, the treatment plant protects several other important features and that's water. Protects the Columbia river, the land river and we like to keep it that way. The plant needs to work 24 hours a day, seven days a week, usually we say high but we also add precovid. We have a lot of essential workers that have been going to the plant, working on the plant day in and day out to keep it running to at least keep that sort of issue to not -- not bring more problems to the year 2020. So especially when it rains, though, it is especially important to the treatment plant because since the 2010s when they put the pipes in, the big pipes collect storm water from the city area. That gets combined with the sanitary

October 21-22, 2020

water and it is all [indiscernible] plant. How we treat all of the slope at the treatment plant is a regular driver for the step program. So that's a lot. So how that water is treated is the driver. In fact we did get into a mutual agreement and order with the Oregon department can of environmental quality and we signed it in 2011. We had multiple conditions to it with a compliance schedule, and every single one of these milestones and requirements since 2011 and this one remains to the last -- the last condition which is starting up the new clarifiers by the end of 2024. With that however, the plant is getting a little old. The scope of work for the clarifiers came up to meet the regulatory driver. We also realized that there -- there are a lot of aging assets surrounding the clarifiers. They're adjacent to the area of the clarifiers. So we provided extra delivery. You see the stake of the plant and you see the rust on the equipment and just generally some data facilities. All of these are going to be upgraded through the program. Here's an area of the treatment plant. The core campus sites with most of the process equipment covers about 37 acres and in the yellow boundary line here this illustrates the step barrier. There's some areas that we're going to touch but they're not as significant as here. And what is interesting is when you compare to the -- to the 1970 fixture, those are the same facilities, staffing and storage facilities that have been [indiscernible]. To clarify the area, this solitary building is a significant part of step and it was built in seven uses technique, seismic village code and making improvements are required for that. So all in all step provides multiple benefits other than the regular -- regulatory obligations. Essentially getting the old -- the old pipes was risky, failing equipment that our staff is -- is making it more difficult to maintain and -- and there's so much old that you can work with. So and then overall when you replace it with equipment it will result in more effective operations. So the operational project for the water operations. With this and touch on sustainability aspect. It will reduce and adding clarifiers will reduce the chemical use during rain it treat the waste water. Obviously we're going it meet sustainability goals for -- for -- for -- for buildings and facilities but one of the biggest benefits is probably the reduction in the trucks that we are sending to eastern Oregon every day for our biosolids and the application program with more active equipment, we're going to reduce the volume of solids that will go out. Therefore, we won't be, it will be good from operations perspective but be able to reduce our impact for carbon emissions. During construction, also, there's a good program. The clean air construction measures and the engines and heavy equipment. So this is significant amount of work to do by 2024. But we're pleased to say that the site, 2020, having changed our plans a bit the team has been able to continue being on schedule. So we are 100 percent on schedule to date and we're actually a year ahead in what we

October 21-22, 2020

saw when we started construction. It is a good place to be at this point. It is not the first time we come to council. It is a step. And most of these items needed a contract, so all of these consultive contracts when we have three major contracts and we also have -- we -- we received full credit for cmcg and the construction manager and general contractor approach for the program. I'll speak to that later. We're not here today to request these contracts but I want to bring -- to -- to bring them here for context. We have three major contracts for professional services associated with step one is for engineering at Jake House which was -- which acquired CH2M Hill for design services. We also have Stat Tech for management support and Kiewit. All of these contracts have goals for DMWBs. They're exceeding the aspirational goals and they're all on track to -- to meet and exceed the goals. All in all, these -- these contracts provide about 18 million -- are committing 18 million to certify terms which includes 3 million that we're requesting today for the Jacobs contract. And I will get to -- we will get to this data and where it goes advocated. So benefits with the CM approach, we really benefited from that approach early on. Part of it is because we're able to bring Kiewit on board prior to the 20 percent design milestone. That gave us a chance to really start on planning for construction and how would they meet the goals in the CBA. It also gave us significant input on -- on -- for early findings in forming the design and informing us about the actual cost of the project so our planning estimate could really be true for -- for what the actual conditions are. The findings that have increased our complexity and costs are the seismic conditions to meet seismic requirements for the new facilities, aging and connecting infrastructure and how we want the treatments to and where the boundaries are and minimize our risk. All of that combined together gave us a chance to -- to get realistic process which came at increase from our planning level but it was early enough that B.S. was able to prioritize so we could stay within the bureau's rate increase despite the increase in cost. Improvements are critical and prioritized. With that, it gives us a chance to manage the -- the amendment requested for a design since the complexity is increased for -- for the -- for the initial outcomes we were seeking for the project. And that requires us to do the amendment with the design, the design services. So the amendment for CH2M Hill, and Jacobs and they are the same company. On the contract it says CH2M. Initial contract was 28 million and now we're requesting 14 million, not to exceed 14 million and that takes us on construction based on the 30 percent design. We have a good idea for the design and what it will look like and what the scope is. With this, a total participation would exceed 10 million dollars for the life of the contract. The services that we're adding with the scope is really an expansion of the existing services. So the complexity has increased and it requires more drawings for one area of work. So therefore, we've

October 21-22, 2020

been working with the -- with the existing consultants. You could see here the list of the cub consultants on the contract in green. There's an initial commitment and then yellow is the -- is the -- is the amount associated with the amendment. So it has been increasing at pretty much a -- across the board except for a few firms for which the focus is completed. There may be some consultant seeking to add one or two subconsultants for services during construction but they will work within the -- the contract amendment that we're seeking today. So as far as the commission --

**Fritz:** Wait a minute. Commissioner Hardesty has a question on the previous slide.

**Hardesty:** Thank you very much. I was wondering if this was the breakdown that you promised me [indiscernible]?

**Fritz:** No, it is not.

**Hardesty:** Okay. I'll wait. Thank you.

**Gueissaz-Teufel:** This is the breakdown as you would like to see so the -- the -- the -- the purpose contract, we have about 24 percent committed to certified funds and of that 24 percent, about 68 percent of it is to minority owned firms.

**Fritz:** Commissioner Hardesty?

**Hardesty:** I'm kind of confused. What is an Asian Indian and then an Asian pacific? I think you mean Asian pacific islander but I'm not sure what an Asian Indian is.

**Nicki Pozos:** Asian Indian is the term that comes out of covid. It would be a person from India in that case. Asian pacific, I don't know the full amount of what it includes, but part of it here includes somebody from sri lanka.

**Hardesty:** That doesn't give us a clear picture of who is getting the dollar. I don't know if that's a mistake or purple. It is definitely presently male. I know that. I can see that. But I'm not quite sure what community is represented by Asian Indian.

**Fritz:** Well, it is a further breakdown. If we lumped it all together it is in the aggregate of 493.2.

**Hardesty:** I never heard of Asian Indian. I've heard of Asian pacific islander. This is new to me. This is something you use all the time.

**Pozos:** These are the covid categories that are in --

**Hardesty:** In a state system?

**Pozos:** Yeah.

**Hardesty:** It doesn't correlate to the city. I'm just trying to understand who we're hiring and who is benefits from these dollars.

**Fritz:** It gives you more information if we said Asian pacific islander.

October 21-22, 2020

**Hardesty:** How does it give me more information? Nobody can identify what an Asian Indian is except for the category they pulled it out of. That doesn't answer my question.

**Fritz:** Question from Indian.

**Ryan:** If I may, Asian category is increasingly broken down into three components, Asian which many people may hear it is Japan, Korea, China, Asian Pacific Islander as Commissioner expressed, usually Philippines and Hawaii and the islands and that's the biggest disparities and then Asian Indian is of course India. I think Sri Lanka and those countries. That's what I've heard.

**Fritz:** That's helpful.

**Hardesty:** That's very helpful. Thank you. I'm noticing that we're not finding too many women in subcontract work. I'm wondering why that is.

**Fritz:** If we continue with the presentation, I think she'll address that issue.

**Hardesty:** Okay. And also who are the firms that are getting these resources?

**Fritz:** Just about to. Maybe to finish the presentation that would be helpful.

**Gueissaz-Teufel:** Yes, if we want to get to them, it was on the previous slides. We can get that at the end of the presentation is what I'm hearing. So with this, though, when we entered into this contract initially, it was the biggest and remains the biggest contract at this point. We realized they were relying on subconsultants and firms to provide the work. So we started this -- this support program and I want to -- I'm going to turn it over to Nicky, she's the lead on this program on the contract. So Nicky.

**Pozos:** Great. Thank you. I think it is included in Asian Indian, I was pulling up my spreadsheet. You're the winner on the -- on the categorization.

**Ryan:** [indiscernible].

**Pozos:** So I'm excited to tell you about the WMB support program. I'm with the formation lab and I'm leading it for the design team as part of the association. We really saw this as being the largest contract and this is a big team of funds and we saw an opportunity to make an investment in the firms. So there's two goals of the program, one is that we want 100 percent success on this project for those firms and then the second is really to enhance their long-term capabilities and capacity. We came from philosophy that firms [indiscernible] and we met with firms and sat down with them to understand their bids and work with them to identify support activities that would be impactful to them right now. That ended up with 32 customized support activities that were identified. Next. When we think of professional services and people think about supporting firms there's a focus can on technical support. There were some activities that were identified that did focus on technical support. I say more of the need were in the managerial and firm-wide

October 21-22, 2020

practices and procedures categories. This is just three examples from some of the minority owned firms that are working the project. One here, the one firm, it is helping them with the quality control program. We coached them through the course of updating it and they're testing on that project and we're going to work with them to revise it in that experience. We're also taking a number of metrics on the program and have support on the project.

**Gueissaz-Teufel:** Great. Thank you.

**Gueissaz-Teufel:** So I would like to spend time it talk about the community benefits agreement. As we mentioned earlier this is the first implementation plan relative to the resolution that was passed in 2017. So we -- we started pretty early in the predesign. Essentially we started meeting to initially, first to translate what is in the resolution and what we can implement and what it meant. Then this led to finalization of a six specific cba and advisory community. In June 2020 we had two meetings with the committee. The idea of the committee it provides feedback to the contractor and the team as far as meeting the goals of the cba and it is a sounding board and partner when they approach them with the plan for -- in telling them what they see in the future and their need are in the future. I'm going to turn it over to -- to bill from the team to -- so he can tell us [indiscernible].

**Bill Mariucci:** Thank you, Muriel and thank you members of the council for this opportunity to briefly speak today. I'm bill, and I'm an area manager with Kiewit infrastructure in the Portland area. My role will be to oversee the work as principal in charge to make sure they have every resource they need for success. Now as Muriel mentioned, I've been deeply involved with the community benefits agreement on the project to date. In that time, I came to the conclusion and firmly believe the c.a. Will provide the direction, the resources and the commitment from all of the necessary stake holders to insure the step project serves as a model job with a local contracting and workforce in the community. As stated in the last bullet on this slide, we developed a subcontracting and workforce plan based on both the cba and our prior work experience with local firms. The trade unions and community based organizations. We look very much forward to putting the plan in action on this step project. We're looking forward to working again with Andre' who will provide guidance on workforce matters. I turn it over to Andre' who will provide an overview of the community contracting and workforce program.

**Andre Baugh:** Thank you. Under diversity and supplier manager for -- for this project with Kiewit. We give you overview of the goals that the cba has and to now meet and exceed. First the cba has a goal of 22 percent for bmsb. B is disadvantaged business, then m minority, and s is women owned and b is working businesses. That is disaggregated into 12 percent d.e. And mbe

October 21-22, 2020

and five percent dmfv. The second goal that it has is apprenticeship so 20 percent of the workforce hours by trade shall be apprenticeship by trades for the entire project are to be premises in -- within that 20 percent 34 percent are either women or minorities. That's disan aggregated into 22 percent minorities and females. Of the total workforce, 28 percent are to be [indiscernible] disaggregated into 22 percent minority and 6 percent females. Our focus can as employers is to hire local workforce and keep committed to meeting or exceeding these goals.

**Mariucci:** So this slide provides an overview, breakdown of the construction workforce plan for both phases of the project. With I say both phases, it is gnp one and your see it in the table and gnp two and what we're here to talk specifically about today is gnp one. So how do we plan to achieve, as Andre' mentioned exceed this? We work with trade unions and others to plan for the project. That's largely what this table is starting to do right as of today. We'll meet regularly with the trades to review the status and we'll do three, six, 12 month forecast for the number of workers needed, at all levels. Second, we'll be proactive with local pre-apprenticeship programs with internships and other opportunities to attract individuals to the construction industry, specifically those from disadvantaged and minority communities. Third, we'll monitor and report and then force compliance with all of the contractors to the workforce through the cba. Starting in procurement and construction. This is the importance of establishing a positive job site culture for all employees on the project. We'll set expectations from day one through orientation programs that will emphasize policies and procedures of the harassment-free workplace. We support continuous training and promote an inclusive atmosphere without barriers to all workers. We'll provide competency training to all managers and supervisors while reviewing their performance annually. We'll monitor each subs commitment to the positive workforce culture. And we'll work closely with all of the local resources including the pre-apprenticeship organizations it tailor our workforce program to the local community, while building a program of best practices to further the development of the construction workforce in the local area. Andre', one more slide.

**Fritz:** Could you remind me of what gnp stands for?

**Mariucci:** That's guaranteed maximum price. It is a contract term. Another good way to look at it, it is phase one of the project and then gnp two is phase two of the project. And within -- and within the timeline phase one or gnp one is the first two years of the job, call it 2021, 22, is phase two and the years 23, and 24. Gnp is a more substantial part of the overall step program.

**Fritz:** Thank you. Commissioner Hardesty and then Commissioner Ryan.

**Hardesty:** Thank you. How many pre-apprenticeship will become journeymen and how many --

October 21-22, 2020

pre-apprenticeship will become apprentice and then journeymen through both phases of the project.

**Mariucci:** Great question, I'll say the benefits and advantages of this particular project in a four-year duration, we would hope a lot. To the extent you see the number of apprentices there in the table the 16 in gnp one and 43 in gnp two. Those are the minimums set by the cba goal numbers based upon the level that they come to the job in their apprentice of training with the benefit of a multiple-year job we would really hope that the vast majority of those numbers will advance.

**Hardesty:** I hope more than just hope. I would like to see real hard numbers on the expectations if we have a four-year project. I don't want to just hope, with that we don't get the results we want.

**Mariucci:** Understood.

**Fritz:** Commissioner Ryan?

**Ryan:** Yes. Thank you. I'm in the same part of a graph. I think I just need further clarification. I was appreciating the conversation going on between you and Commissioner Hardesty. It says 16 apprenticeships and six minority five women, does that mean of the 16, 11 are in that category?

**Mariucci:** Correct.

**Ryan:** That's the same with the gmp2?

**Mariucci:** Correct.

**Ryan:** Okay. And you know because -- because we all know that apprentices are the -- that's the place to focus because that's the high point if you will and so yeah, we want to not just hope, we want to see those numbers go up because they do become journey trades folks. Number two has lower percentage wise than gnp1, curious. 43 apprentices, and then of that 13 are in the categories of minority women, if it is the same as gnp1.

**Mariucci:** Yeah, it is -- it is -- I believe when we -- you convert the craft hours to the reaches if it is low on craft hours, what we want to do is work the side of making sure we have more than enough. So that's what mp1 when the number is lower like you see there will -- will round up or will add to make sure that we have enough to make the craft hours and meet the goal. So with gnp2 with higher numbers, you don't -- you don't -- you know, you don't have that ratio working for or against you.

**Ryan:** Then just for the record, it is an African American woman, they would be counted twice both in the minority end and the woman category.

**Mariucci:** Expand on that.

October 21-22, 2020

**Baugh:** Yes, they're counted as minority and then as a female.

**Ryan:** Okay. Because the gender disparities are always pretty extreme in this workforce. It would be helpful to know how many women are also -- are also [indiscernible] going forward.

**Mariucci:** Agree. If I could clarify, I understand completely when I say hope. And I think that when we start talking about working proactively with each trade union on craft requirements that is when we convert the hope to reality by talking actual numbers and actual count with the trades and insuring that we will have people available for the project and to the extent they don't have the people at that moment in time, knowing we've been out in front of it, how do we get the people we need when the work is there? That's -- that's where we want to convert that into a real situation.

**Fritz:** Commissioner Hardesty.

**Hardesty:** If I could ask a question, please.

**Fritz:** I just recognized you.

**Hardesty:** Thank you. So based on what you just said, minority women are counted twice, it would be really impossible to know the real number that would be in the contract. I'm concerned in their design phase there was no women of color at all. I believe this are more women in design than there are in construction. So we were not able to achieve any -- any contracting of women before we get to the construction process, what is going to be different as you get in the construction process?

**Mariucci:** Well, I believe when we go to the [indiscernible] we will identify those candidates that are out there in the laboring and operating and lecturing trades and mechanical pipe fitter trade. We could identify the market, the capacity at an early time. Let's see don't see that the capacity in the numbers, again, as a floor, then we need to be out ahead working with the pre-apprenticeship programs and outreaching and recruiting and getting people into the trade as apprentices. Women, women of color so when the work comes about we're able to achieve it. Again with the benefit of the four year project we have the opportunity as long as we are proactive and aggressively proactive to get the people that we need to achieve the goals and quite frankly, you know what the mission here is which is really to increase the workforce in the area. And the diversity of the workforce.

**Baugh:** Can I add a couple of things here?

**Baugh:** Sure. On workforce, first we have not started any construction, so these are projections. Two, as part of the cba we have signatures for the pre-apprenticeship programs so [indiscernible] are part of the cba. They're active signatures. They're part of our Inlc which is

October 21-22, 2020

labor management committee which provides oversight for the project. So as we move forward from today and go into construction we're talking to the pre-apprenticeships and the unions about how to meet these goals and what do we need to do and what do our subcontractors need to do to meet the goals. This is the plan, the forecast, but specifically I think to -- to -- to -- for your concerns, we're talking to the pre-apprenticeship programs already and -- and we'll be talking about how to fill the need for the unions. If the unions don't have, if the contractor doesn't have the required workforce how do we fill the need? There's a process. Our plan lays that out. We'll be in cooperation with everybody according to the cba and how it is laid out to insure that we meet these goals and if there's deficits that we see. The pre-apprenticeship programs are there to help fill the process. They're not -- they're at the table and they're contributors to the process. We have also committed to even though we double count as a city policy, we committed to disaggregate those goals so we count minority males and we look at just females so we can see the true numbers we're achieving. We will have those as part of our process going forward from Kiewit to review the labor management committee each month to see how we're doing and where we need to do better. I think through the monitoring that bill talked about and things, we will be able to end early as this process allows us to set up a plan to meet and exceed these goals.

**Gueissaz-Teufel:** Thank you. This is a big part of the -- of the advisory committee on the cba is brings their plan and projections so it could be discussed with identification of the need so that they can be provided from these organizations. And then they make sure the place is welcoming and positive to keep these folks on board. Subcontracting plan?

**Fritz:** Yes.

**Fritz:** I don't see any other hands right now.

**Gueissaz-Teufel:** Okay.

**Baugh:** As part of the construction, we're in gnp one and -- and gnp one, the goal is 22 percent and the disaggregation as I stated before, currently we had 90 percent participation and we have items to include, trucking and paving and a number of items that will go back out to the community. We anticipate increasing our participation. Currently of the 29 percent or 9 percent is minorities. Where we're lacking in just up front is we're lacking female participation, wbe participation. We're about 2 percent. We need to increase that. That's our focus as we do more participation. And we still have the majority of the work to bid out in gnp2 which has another set of these -- these set of opportunities for participation and we'll did that in the community. The community is providing those opportunities and as we go into 22 to -- to get those

October 21-22, 2020

subcontractors on board and make -- have them successful. Also as part of the process we're mentoring subcontractors. So we're bringing them on board as almost like a might not ymgc and providing them the opportunity to turn around equipment management, purchase, how to put together their own gnp and provide that to the city and have that conversation, subcontractor support and management and just the management approach to managing a -- a larger opportunity. As we go into gn2, we will update and how to maximize and we would do that with the city and Imclc and then implement that plan going forward.

**Fritz:** Commissioner Hardesty.

**Hardesty:** My question is about the check mark at 22 percent. I understand this is disadvantaged minority -- minority women. This is not aggregated to the point where I feel comfortable saying 22 percent are minorities when we -- when we -- I can't tell what is going to minority owned firms. Women by themselves but then you have minority and disadvantaged citizens. Disadvantaged businesses are the winners when you put minority and disadvantaged businesses together. Again they're not minority businesses.

**Baugh:** The cba does not distinguish. These are per the cba.

**Hardesty:** I appreciate the cba does, but what we're finding is white men are the beneficiaries of these programs that are supposed to benefit communities of color. Cba may not be required but we will here in city of Portland.

**Baugh:** We're again -- our commitment is to disaggregate the background and the stbd. Current I had right now 87 percent of the dollars of the 29 percent are African American, five percent are native-American, and if you combine the two Asian, Asian Indian, Asian pacific, islander. We get to -- to three percent and then we have Caucasian, a couple of percent and others undefined. The majority are -- are minority firms, again, minority this those categories and the dollars today and we still have work to do to complete the rest of the pnb and we have majority of work in gnp2 that we don't mow because we haven't put it on the street. We will report those numbers each month about the disaggregation of the dollars, the workers, everything each month, each month we'll review it with the city.

**Fritz:** Commissioner?

**Hardesty:** I'm sorry. Is that -- will that go to procurement? Who will get that information monthly?

**Baugh:** Procurement will have it each month.

**Hardesty:** I'm to insure that council gets that same data, monthly would be fine.

**Fritz:** As a cheat sheet for those at home that are struggling, we put them at the bottom, what

October 21-22, 2020

the dn and the stbbd which was a new one to me. That's on the screen at the bottom. Let's keep going.

**Gueissaz-Teufel:** This was our last slide, so we could get into discussions. The recommendation and council actions would be the approval of this guaranteed maximum price one which is construction agreement and report in the amount of 79.6 million and future council actions would -- would pertain to the approval of the requested amendments and second reading. We will come to you again in 2022 for the bigger construction agreement and the maximum price with the associated cba plan with it. This concludes the presentation.

**Fritz:** Thank you very much. Thank you to our guests who are here. We had quite a bit of discussion. I appreciate the amount of interest that council members have shown. Is anybody signed up for public testimony?

**Clerk:** Yes, we have six people signed up.

**Fritz:** All right. Let's take the testimony and then we'll have more discussion.

**Fritz:** You call them and each person has three minutes.

**Clerk:** First person is Kelly Kuptac.

**Kelly Kupcak:** Thank you so much for this. We want to thank everyone at the city of Portland and bureau of environmental services and specifically Muriel for their and our leadership in advancing the cba. We applaud the collaboration of city government and of our community and labor and management to actualize our shared values of inclusion and prosperity in this effort. We have long supported agreements as a last practice tool to insure responsible development. Real workforce and contract inclusion. When implemented with integrity, the agreements can serve as a collective blueprint for prosperity if you will in helping our communities realize stronger economic outcomes with public investments. Thank you to the team for preconstruction work in building and designing a diversity model that who realize our equity goals as a community. This goal includes in addition to diversity and workforce equity and subcontract inclusion a true commitment to creating respectful work places and making sure our job sites are safe. Oregon applaud your leadership. Through our advocacy work and technical assistance, we're confident we could support the goals in achieving success for everyone. Lastly, we encourage that the council and regional industry stakeholders are able to have at minimum reports on project outcomes can through transparent data and collective care by us as Commissioner Hardesty said to insure we're not just hoping but we're living and bringing to fruition the goals needed in this project. Thank you so much.

**Fritz:** Next up Keith Edwards.

October 21-22, 2020

**Keith Edwards:** I want to thank everyone. Great presentation. I want to take a portion of my plan, in regards to the expectations, I don't want the city council to have expectations regarding [indiscernible] status. You have to understand apprenticeship to know about this. They have to have a diverse and comprehensive training. I'm electrician and started out in 1969 in my apprenticeship. I know a little bit about that. I want it -- to say apprentice has to have handle on commercial and residential. They can't work on a commercial job site if four years and expect to be journeymen. That's not possible. It is required by the state certification. We to understand that. I don't want the council to have thoughts and expectations like we're going to have one job that an apprentice start out on and complete their apprenticeship and be a bona fide journey level person. Let's be clear about that up front. Thank you again for entertaining the thought of using the cba, that's something that I think is a model that will be used going forward. It is not perfect but it is something that I think we should applaud because it is -- it is a collaboration by many groups and not only unions but community based organizations and everyone has always been invited to the table. I've been involved with modeling for quite some time. I'm on the board of constructing hope. We believe in this and know it works. It works not only for the workers but it works also for the contractors as well. It works in regards to diversity, because typically the businesses, the contractors have a voice at the table but the workers do not. This makes sure that the workers are being taken. There's a lot more workers on this project than there will be contractors. So I think a lot of times we lose sight of that. Never been exclusive in -- in developing the comprehensive community agreement. Everyone has always been invited to the table. It is well thought out, more minds involved with this make it a better plan. So again thank you city council for entertaining this and -- and being a part of this and asking those questions and certainly we're available to answer any questions that you may have in regards to making this a success. A happy worker is certainly a more productive worker. So if the employer is happy and workers are happy the project will go well and serve the citizens better. Because these workers have healthcare and the other benefits that are not always realized in a different environment. Again, thank you very much for this discussion.

**Fritz:** Thank you, that was really helpful. I appreciate your perspective and especially for reminding us or informing us about the requirements for advanced journeymen level. I know we're very [indiscernible] apprenticeships to do. You made it clear. I agree we should set realistic expectations. I appreciate the attention to wrap around services to make a happy and a happy worker. Thank you for raising those issues too.

**Clerk:** Next we have Michael Martin.

October 21-22, 2020

**Michael Martin:** Okay. Can you hear me okay? Can you hear me okay?

**Hardesty:** Yes, we can.

**Martin:** First of all, good afternoon Commissioners, I want to introduce myself. I'm Michael Martin owner of [indiscernible]. My company has -- has partnered with k can -- Kiewit. I want to speak to the appreciation that I have for the city council adopting the cba and I want to speak to just the advancement of my company that this is brought to my company. In 2012 I was part of the cba on many projects with the water bureau. I was not a union contractor at the time. It was a benefit, not being a union contractor and now 2020 being partnered with Kiewit on this project that the cba has really helped me as a certified firm. It helps me by making the promises ahead brought forth. I look forward to delivering on the goals that are laid forth and just wanted to -- just put my -- my -- my appreciation you know, make that known that the cba is something that is a benefit. I'm excited to be a part of another opportunity with Kiewit on this project.

**Fritz:** Thank you.

**Clerk:** Next we have Mark Matthews.

**Mark Matthews:** Thanks Commissioners for giving us the time to be here and talk to you. I'm with market construction and been working in Portland for the last 20 years as general contractor. The cba and how good this is going to be, in the past I'm an open shop. We have been trying to figure ways that we could work with the unions and to help the workforce table to work on these jobs. Cba is one of the -- look at how it is structured. We know businesses and people of color, we bring a lot of different minorities to the table. Cba will allow us to do that. I want to say given the opportunity to -- to have these expectations, I think we can go higher and way beyond that. So I appreciate you guys looking at this and taking it and cba is for all of the community and small businesses as a whole.

**Fritz:** Thank you.

**Clerk:** Next we have Michael Burton.

**Michael Burch:** Mute myself. Hello Commissioners, thank you for having me today. Are you able to hear me okay?

**Ryan:** Yes.

**Burch:** Thank you. It is my pleasure to be here today for many reasons. To be clear I'm Mike Burton. I'm in community relations and outreach. I've been thinking about what exactly to say. I have a six-page speech that I could do in three minutes but I don't want to repeat what has been stated about the benefits agreement. I rather speak to some of the pieces of the workforce plan that has been put together by -- by Andre' and Kiewit that will help address issues brought up,

October 21-22, 2020

questions in the PowerPoint. Kiewit reached out early to learn about the cba requirements and organized labor and state certified guidelines like the pre-apprenticeship programs and the contracting associations. They've been -- the process, the entire process has been proactive, productive, very professional and refreshing to me because I haven't seen the cba since 2012. It was formed after two meetings. It has been formed and after two meetings we already accomplished the charter that was finalized and signed by the committee. That's a huge step. Review approval of the workforce plan which is explicitly on the plan with the requirements of the cba and then my [indiscernible] is quite extensive. That goal stated very clearly is have harassment-free workplace with leadership and the subs. Taking the positive job site culture to another level. With o.t.i. To show up and help them with outreach and recruitment, providing cultural competency and more subcontractors. Obligations for harassment-free workplace. The written outreach of recruitment and retention plan. Keep staff and all persons through the cba and its programs. Stated goals for retention services, designed to -- for apprentices from apprentice through journey level on this project. Our commitment to strive for a workplace where minorities and women, minor and women employees are encouraged to recruit for the industry and the product, the project itself and much more. We want to come back to city council quarterly and report the progress once the project has broken ground and we have actual data to share with city council. Disaggregated data. We also understand to serve on committees, for example cip to monitor the cip and I hope the recommendation is to work over the next year to figure out how we can avoid the duplication and work with city staff to support what workplace data.

**Clerk:** Three minutes.

**Burch:** In closing thank you to all of you.

**Fritz:** Thank you. Thank you for your work over the many years. That's a great suggestion to have frequent reports. Thank you. Next question.

**Clerk:** The last person we have is Bill Kowalczyk.

**Bill Kowalczyk:** Can you hear me?

**Fritz:** Yes, we can hear you. Thank you.

**Kowalczyk:** Good. Good afternoon Commissioners, it is go to see you all even if it is on tv. I work with Portland youth build respect for over 20 years. Portland youth builders is a state certified pre-apprenticeship training. I served on the pilot cba from 2012 to 16, advisory committee, I advised on the county Imcmc for the county courthouse and helped the headquarters project. I

October 21-22, 2020

also report to our consortium partners that would be constructing hope for women and industrialization center known as poic. I believe it helps to think of the cba a three-legged stool sporting workforce equity. First leg is the demand for equitable participation that is embodied in the cba. The second leg is supply of women, people of color, low income apprentices. The guideline for the second leg is pre-apprenticeship. The third leg is oversight of the cpa during construction and in real-time. I know from experience that when the Imclc functions well meeting monthly community with meetings and management of residents, it makes things happen by identifying problems to get things all on course. So the third leg, the oversight is our focus today. On the waste water treatment plant, we had two clc meetings so far. Much has been accomplished. All of the partners have been enthusiastic to achieve the goals. There's an immediate spirit of collaboration for success. We're all charged with the clc that adopted this. To me as of the first meeting we have a clear system of government and a delineation of systems. The cba provides the blue print and the point of reference. It provides clarity immediately for the equity expectations of Kiewit. The letter of assent sent by the subcontractors submits them to equity managers. The details of contractors supply and workforce and training plan, much of it is taken from the cba workforce and training document. Between meetings, Muriel and Lisa have all been great communicators in all of the ducks in a row. So we want and expect to report back regularly to council on progress once construction begins. So from my perspective oversight that this third leg of the cba feels like it is off to an impressive start. Working hard to sort through the alphabet of acronyms to bring funding to the organization. This is the second leg of the stool, supply. One who has been in the industry since 1977, sometimes I'm preparing for the industry. [indiscernible]. People of color. By changing culture and institutions we have to take [indiscernible]. Encourage to keep [indiscernible] with amending our pre-apprenticeship program and intervention training to all job site workers and supervisors. Like cba and the way they are together with the concepts imbedded in the cba. Thank you very much.

**Fritz:** Thank you for your testimony. That concludes public testimony, Keelan?

**Clerk:** Yes, that's correct.

**Fritz:** Council?

**Hardesty:** Commissioner Hardesty has a question.

**Fritz:** Go ahead, Commissioner.

**Hardesty:** Thank you for the thoughtfulness of this proposal and it insures I'm putting it you are not questions but work that you've done in the past will do in the future. It is from a history of the city of Portland and contracting and having aspirational goals that have not been met. I

October 21-22, 2020

know that there's some [indiscernible] that require different experience before they get to journeymen, but that in no way means we shouldn't be trying to get people from pre-apprenticeship into journeymen status, especially when you have a four-year contract that will work across the board. But what I know is many people as we just heard because of harassment and bullying at the workplace just actually never met the process. Portland needs to do better and the people we contract with have to do better and we have to hold each other accountable to our values. I greatly appreciate your willingness to think outside the box. The city is not used to thinking outside of a box. That box has not served us well. So the question I'm asking you of everyone who has the privilege of having a city contract because it is about making sure that -- that the people in the city of Portland prosper are from public dollars and the way we invest them matter. We have not good outcomes thus far. So that's why by make sure that you understand what our expectations are and -- and aspiration notwithstanding we have no clear expectations of what it is we want to see how we invest these dollars. I thank you all for your willingness to listen. Nothing I said should be construed about me having concerns about you and your commitment. From where I sit on council, my expectations have changed since I came here, because I know we said good things but when we look at outcomes they don't match good things. Thank you very much. I look forward to us continue canning this partnership.

**Fritz:** Thank you Commissioner Hardesty. This is -- this is -- this is -- this is the latest iteration and it is a community benefit and hope it succeeds. Is there a motion to accept the report?

**Hardesty:** So moved.

**Ryan:** Wait.

**Fritz:** Commissioner. Commissioner Hardesty moved. And Commissioner Ryan seconded. It is the same with me Commissioner Ryan. Please call the roll. [roll called].

**Clerk:** Ryan.

**Ryan:** Thank you for the report and the cba dialogue on the report. After meeting in the last month and my insights that I have from this conversation is that and to your credit engaged and inclusive at the foundation level and too often the missteps and the history in this concept later and then there's shenanigans. We were having great dialogue. Welcome to the work and I look forward to the quarterly reports. We're privileged in the city of Portland to spend so much money on something so important. We go into graphic detail on this but I have real experiences in my life. Septic tanks and such. We know that justice comes with such -- such infrastructure and npr had an article about this this morning. This is really important discussion and investment. It is all about clean water and fresh air when you look at the goals, that's what success looks like.

October 21-22, 2020

Spending this money is really really important and doing it right. I know as a homeowner, I always marvel at the fact that the biggest expenses are for infrastructure. That allows your home to survive the big one. I would ask a question, I would have thought of that, but I want more dialogue eventually [indiscernible] compared it any other big ones. It is a matter of when it comes. This is a big investment, I hope, to make sure that we're really safe because we're relying on this. Anyway more dialogue to continue. I'm a big supporter of what I just heard. Yea.

**Clerk:** Hardesty.

**Hardesty:** Thank you so much for your openness and willingness to answer hard questions and to help us see what the thought process is moving forward. I look forward to continuing updates. I understand quarterly at a minimum. I still would love to see the monthly data. I'll talk to Lester about just forwarding that data on. It is important that we live up to -- to what our aspirations are. I want to challenge you to succeed with our aspirations are. As we know, we have a lot of people who are desperate if quality employment. This is ability to invest in people while we're reinvesting in the infrastructure. I vote yea.

**Clerk:** Fritz.

**Fritz:** Thank you colleagues for investing the extra time this afternoon for this really important discussion. I noticed that Commissioner signed the previous contract. I honor the work he did not only for the project but for the community benefits agreement process. I think you'll be very happy with the way this one is going. I appreciate the -- the report for council and I know that with the people on the committee, the oversight committee, they are not going to let the dust gather under their feet if the goals are not being meet. This was a process that the community asked for, and the community has been invested in. Frankly, [indiscernible]. From the formation [indiscernible] and Kiewit. This is important project as noted. I appreciate the increase in scope to have a new building retro fitting old buildings is not going to be resilient or as green as the new one in this case. So opportunity for minorities in the contract and the support that was mentioned to make sure that -- that the workers and the employers are supported and successful. Let's hope when you get to the end of the project that there will be a glowing report saying well done. We are finally on the way to getting things right. I love to see this. Thanks again. I vote yea. The ordinance is nonemergency and moves to second reading. With that I believe we're done with the agenda. Is that correct?

**Clerk:** Correct.

**Hardesty:** Wasn't this a report? Didn't we just report on the report.

**Fritz:** The report and then the second ordinance, the second action was the ordinance. We

October 21-22, 2020

heard them both together.

**Hardesty:** You said second reading, I said huh. I get it thank you.

**Fritz:** Okay. Then in that case thank you everybody for participating and good work. We're adjourned.

**At 3:22 p.m., Council recessed.**

October 21-22, 2020  
Closed caption file of Portland City Council meeting

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Key: \*\*\*\*\* means unidentified speaker.

October 22, 2020                      2:00 p.m.

**Wheeler:** Good afternoon. Welcome, please call the roll. [roll call]

**Wheeler:** Good afternoon everyone, the city council is holding this meeting electronically. All members are attending remotely by video and teleconference, and the city has made several avenues available for the public to listen to the audio broadcast of this meeting. The meeting is available to the public on the city's YouTube channel, egov pdx, [www.PortlandOregon.gov/video](http://www.PortlandOregon.gov/video) and channel 30. The public can also provide written testimony to council by emailing the council clerk at [cctestimony@PortlandOregon.gov](mailto:cctestimony@PortlandOregon.gov). The council is taking these 's steps as a result of the covid-19 pandemic and the need to limit in person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications. Thank you all for your patience, flexibility and understanding as we manage through this difficult situation to do the city's business. If there is anyone waiting for item 844, which is our second time certain item at 3: 30 p.m., we are not going to hear that today. I will make an announcement later about that. We are pulling my back to our office for a later date. Relating to adopted code administrations. With that, we will get to the one item this afternoon. It is a time certain, 2: 00 p.m. 843, brought by the auditor.

**Clerk:** Report on recent work from the city auditor including groundwater; enhanced service districts; equity in construction contracting.

**Wheeler:** Good afternoon, madam auditor. Welcome.

**Hull Caballero:** Good afternoon, Mayor and Commissioners. The three reports that we are presenting today represent performance audits of city managements, backup source of drinking water. The oversight of city authorized districts that raise money to provide extra public services within their boundaries, and the effectiveness of council's initiatives to use the city's immense purchasing power. The last two audits reflect our intention to include community expectations

October 21-22, 2020

and experiences in our work where possible. Concerns voiced during our outreach engagements by those who experience the adverse effects of enhanced service districts, and construction contracting initiatives inform the selection and scope of those two audits. Given the unnerving times we are in, who would like some assurance that the city's management of our back of drinking water source is imperfect but is operating under the intended by the managers who its vulnerabilities and are working to shore up some of them. Performance auditor, Martha, will present the results of our audit of the city's management of our groundwater system. And then alexander will present the results of our audit of the city's oversight of enhanced service districts and Elizabeth, and Gordon freeman will go over the audit of the city's equitable construction contracting initiatives. Before we began I would like to invite you to ask questions after each presentation, before we proceed to the next one. We have reserved some extra time today, so you should have plenty of time for questions. If you already, we will get started with our groundwater management audit.

**Wheeler:** Thank you, madam auditor. On a housekeeping note, to my eye the briefing looks like it is tiny. Is there some way to make that larger or is that something on my screen?

**Martha Prinz:** I think that is me. [please stand by] sorry, one second here.

**Matt Farley:** Mr. Mayor? I would assume that this might be a good juncture to read the city attorney statement on conduct.

**Wheeler:** I'm sorry, I forgot about that. Why don't you go ahead and read that. We will keep working on the technology here.

**Prinz:** I apologize.

**Farley:** No worries. To participate in set -- council meetings you may sign up in advance for communications to briefly speak about any subject you may also sign up for public testimony on resolutions, or the first readings of ordinances. The published council agenda at [PortlandOregon.gov/auditor](http://PortlandOregon.gov/auditor) contains communication on how you can sign up for testimony while the city council is holding electronic meetings. Your testimony must address the matter being considered at the time. When testifying, please state your name for the record, your address is not necessary. Please disclose if you are a lobbyist, if you are representing an organization, please identify it. The presiding officer determines the length of testimony. Individuals generally have three minutes to testify unless otherwise stated. When your time is up the presiding officer will ask you to conclude, disruptive conduct such as shouting, refusing to conclude your testimony when your time is up, or interrupting others testimony or counsel deliberations will not be allowed. If there are disruptions, a warning may be given that the

October 21-22, 2020

person may be placed on hold or ejected for the remainder of the electronic meeting. Please be aware that all council meetings are recorded. Thank you.

**Wheeler:** Thanks, matt. Back to you, Martha.

**Prinz:** Okay. Are you able to see my slideshow now? Sorry about that. You know how that is. With that introduction by Mary I will launch right in. Good afternoon, my name is Martha, I'll be talking about our audit of the city's management of the groundwater system. This audit was released in June of this year, and the audit found that the city had identified risks to the system, and needed to develop a long-term plan to address those risks. Portland gets its water from two sources. This is a photo of the very photogenic primary water source which has been used since 1895, it's about 30 miles east of Portland. All of the watershed gets most of its water from rainfall and the water flows to Portland. The secondary water system, which is not quite as photogenic is the groundwater system. What we are looking at here is the groundwater storage tank located at the water euros groundwater facility where groundwater is stored and treated. Groundwater was developed in the 1980s and a time or flood, landslides, drinking reservoirs, and growing demand for water led the city to drill wells along the Columbia river to develop the secondary water source. They are underground layers of permeable rock that water can flow through. The water in the groundwater system needs to be pumped out of the ground so there is a lot more moving parts involved. The area where the groundwater wells are located is known as the Columbia sound sure field. The second largest water source in Oregon. There are two types of situations were groundwater issues. There might be a heavy storm in the winter, or wildfire, a reason why the water is too cloudy to safely drink. In that case we might replace groundwater with groundwater. The second time the city needs groundwater is when Portland's water needs are projected to exceed the capacity of the system. For example, during the stretch of hot weather. Of course we are having more and more hot summers know were used to. In that situation, groundwater can be used to supplement the running water. The groundwater system gets a lot less attention which is part of the reason we wanted to ask how well the water bureau is managing this equally important water system. Managing the groundwater system can be challenging for a lot of reasons. One of those has to do with the fact that is used only sporadically it gives you an idea of some of that variability. We can see 2015 and 2018 or times of high use. There was a lot of demand those years due to hot summers that we had then. In any given year, it's really impossible to predict what the demands on groundwater will be. It's a system that needs to be ready to go at all times with all of the moving parts. Sort of like the car in the garage you need to maintain, even though you may not use it all of the time. It has to be

October 21-22, 2020

ready. Each of which has multiple components within a parade in some cases we found the barrels response was lagging. [talking fast] [reading notes] the strength on the water quality of the system are primarily from manganese which is a naturally reoccurring mineral and human made chemicals as well. The bureau is working on trying to deal with manganese, particularly pressing because it's intruding into some of the highest producing groundwater wells. [talking fast] in terms of capacity planning. Increasingly hot summers in recent years as well as other issues, the bureau realized they needed to get a better handle on how much water the groundwater system can provide. Taking climate contaminants into consideration. Working on increasing the understanding and at the time of our audit they were in the process of hiring a geologist to help with that. Obviously, we all know seismic preparedness is a big issue here in the pacific northwest. Focusing on the most important types out the whole water system. [talking fast] addressing the seismic needs of the groundwater system is estimated to cost about \$200 million, and it is considered a median parity with other bureau projects being a higher priority. [talking fast] the bureau told us preparing for a large earthquake helps them prepare for other types of emergencies as well. Finally, in terms of asset management, apart from setting aside -- the draft asset management plan for groundwater. [talking fast] showed some degree in the out years. Those needs might grow depending on how the bureau decides to deal with manganese and any other issues. Finally, the last challenge I will talk about for the groundwater system is its inherently an interdisciplinary system,. [inaudible] the benefit of that approach is the one area of expertise is elevated over any other area. The lack of a single coordinator whose sole focus is groundwater might make decisions take longer and might pose other challenges as well. Or first recommendation was for the water bureau to focus on clarifying and documenting how they are made and how the groundwater program is organized. To document all of the needs of the down water system so that it can be developed that puts those needs together into one place. Those needs should be prioritized which is especially important in a time of limited resources. The water bureau said overall they agree with our assessments I would work to address our recommendations. With that, I would be happy to take any questions that you may have.

**Wheeler:** Any questions? I want to thank you um, auditor prints for starting the presentation off the way you did by explaining at the very rudimentary level how our water system works. That was actually an excellent description. I think a lot of Portlanders are very surprised to learn the sources of our water system. I learn something new every time I hear presentations like this. What I learned; did you say the groundwater system was not established until the 1980s?

**Prinz:** That's right.

**Wheeler:** That is remarkable to me. Did you evaluate emergency preparedness? Obviously we had a scare a couple of years ago when we had the Columbia river gorge fire spreading over the ridge towards our primary water source. Ultimately it did not get there, and emergency crews were able to um put a break in the place that would have potentially helped stop the fire. Obviously that was a wake up moment for all of us. Did you look at aspects like that, or was that beyond the scope of this particular audit?

**Prinz:** We did not go into depth. It does make you think about something could happen. I did talk a little bit um to some folks about fire um, but yeah, that's definitely something to consider for sure.

**Wheeler:** The way I interpreted your comments about the bureau, it sounds like they don't disagree with your audit findings? Were there any areas where they said, we don't disagree but it will be difficult for us to implement? Where there areas like that that you want to highlight for the council today?

**Prinz:** No. That didn't come up. I just think, I mean, they're just so many needs. That is part of, you know, the point of the report to elevate. A lot of people don't even know there is a groundwater system and how it works. I did want to go ahead and explain that in this report.

**Wheeler:** Sorry. My fault. You found the bureau responsive to your information requests and data requests?

**Prinz:** Yeah. No. It was great.

**Wheeler:** I am glad to hear that. I don't know if anyone else has a question on this particular audit? Thank you. Thank you for dealing with the technology. You did better than most of us would.

**Prinz:** You think that's not going to happen when you present.

**Wheeler:** It always does, designate? [laughter]

**Prinz:** Thank you for your patience.

**Wheeler:** Thank you. Good job.

**Hull Caballero:** Now we are ready for enhanced service districts.

**Alexandra Fercak:** Okay, can you see my screen okay?

**Wheeler:** Looks real good.

**Fercak:** My name is alexander, and I will present the audits of enhanced services district. We found out the city provides a little oversight of services funded and provided by these districts. We assessed the city's rule in creating the districts and also monitoring district activities, and we

October 21-22, 2020

concluded that the city's hands-off approach may lead to despair and enforcement outcomes and limits community members ability to influence district activities and also to monitor the results. Hand services districts are also in other cities are often known as business improvement districts. They are areas where businesses, or property owners spend an extra fee in order to fund the services that are supplemental to those provided by the city. There are three districts in Portland, clean and safe, buoyant district on central eastside. Portland, this fee from the districts is collected by the city's revenue departments, and then the department distributes the fees to a nonprofit organization to manage the district and fund the services. The city also has agreements with each district that outline fiscal process, scope of services to be provided and also various oversight requirements. The districts are very different in their budget size, their scope of services they provide, and also management structure. The downtown the clean and safe district is managed by the Portland business alliance, the largest and also the oldest district in Portland. It has an annual budget of \$5 million. District services include cleaning of streets, sidewalks, public safety, and also business development. The Lloyd district which is managed by boyd, has an annual budget of \$.5 million. Lloyd focuses mainly on transportation incentives. The newest district which is central eastside is managed by the central eastside industrial council and it has an annual budget of about \$3 million. This district also includes security services, street cleaning, and graffiti removal. Why is oversight important? It is important to, because the districts fund services that have an impact on the public. These services include armed and unarmed security officers that patrol the streets, and it also includes street maintenance services such as picking up waste, and cleaning sidewalks. Some districts have also funded the district offices and community courts. Clean and safe also funds 4 Portland police officers who work with the private security officers in order to enforce the downtown clean and safe district. The Portland police coordinate with the security officers to respond to complaints from district to businesses and residents, and the private security firm provides a phone number for the community to call and the security firm dispatches officers to respond to these calls that are coming in. District activities, by their design, create a different level of service than in other areas of the city. Although many may value their graffiti removal, park maintenance, some of the district activities have not been for the community members pregnant someone is confronted by district security officer. These enhanced law enforcement, or criminal justice services create a risk of outcomes compared to other parts of the city. City oversight of these services is critical. For example, there is no oversight of how the armed officers are trained, or are there is unaccountable process for complaints about private security officers. The oversight that has

October 21-22, 2020

been put in place, up until now is in fact not completed by the city. The city's revenue division is charged with overseeing the district activities, and also managing agreements between the city and the district, and according to those agreements that are currently in place, revenue is reviewed annual budgets, scope of services that they provide. We found that districts completed the required reporting such as the audits, but revenue did not collect or review these reports. Revenue managers said that they collect and administer the district fees, but they are not best suited to provide oversight, or even to comment on district activities and their budgets. Revenue also did not initiate a revision of the agreements in order to shift the responsibility. City agreements with the district also state that the city police Commissioner will obtain and review reports on security officers activities. This includes complaints against the security officers, and also the resulting investigations. We did not find evidence that these reports are being collected and reviewed in order to provide this needed oversight. We also found that there are no guidelines for district formation, or the governance of these districts where you'd --

**Hardesty:** Excuse me, I would ask that we go through the previous library at.

**Wheeler:** May I suggest that we go through the presentation I leave the questions and answers until the end?

**Wheeler:** Thank you. I would appreciate it. I will call you first.

**Fercak:** We found there are no guidelines or covenants for these districts. There's no guidance to ensure that for interest of small or large businesses are protected, or whether the districts are inclusive or transplant. Central eastside win was recently formed there was very little guidance how to structure district management and also governance. Led the district to create an inclusive and transparent governance structure to ensure That all community members when they're choosing the services they are going to find dragon the other two districts don't have a governance of processes and it's not a city requirement at this moment. The lack of oversight by the city makes it difficult for community members to find information about these districts. It is really left up to the districts of how much they actually share of that information. For example, in 2019, advocates for the house was people submitted a public records request in order to learn about district function, their budgets, audits, completed, and even their subcontractors. The city didn't provide all the requested documentation because the city did not have this information. So, as you can see if the city does not obtain that information from the district, there is really no process for the public to obtain the records about the districts, and their private sector providers. We recommend that the office of management and finance work with counsel to really review the process of the districts, and the city's responsibility for them. If the review concludes a

October 21-22, 2020

district should can -- continue to provide services and public spaces, the services that are impacting the general public, then the city should develop clear guidelines for district formation, governance, and management and these guidelines should ensure public input, transparency, and accountability by the district. We also recommend that the city revisit the district agreements. These agreements are renewed every 10 years, but we have not really seen significant revisions to the content of the agreements. The agreement should be lined up with what is the purpose that counsel designates for these districts? Finally, we recommend that the city develop an effective process for city oversight of district services and their activities. It should include a project manager, or some type of liaison over the districts and ongoing reporting of district activities for council and the public including reporting of security and law enforcement activities. The office of management have financed largely agree that our recommendations. They stated that the city is not fully recovering district administration costs. Costs have been intentionally kept low in order to maximize available resources for the district services. They also stated the revenue division is not suitable to administer the district contracts, and to provide this needed oversight. Districts have grown in size, and also in scope. Having a dedicated district manager would be appropriate. That concludes my presentation. I am open to questions.

**Wheeler:** Thank you, Commissioner Jo Ann Hardesty?

**Hardesty:** Thank you so much, Alexandra for that very distinct, but troubling report.

Um, my first question is really around um, so, let me back up a bit. I am concerned that there are different levels of access to the da based on people raising money within the district and being able to spend that money as they see fit. So, you talked about private security. Is there even a mechanism for people to complain about the access of private security? If so, where does that happen?

**Fercak:** There is currently, I'm not sure you can call it a mechanism. For example, somebody, you know, who is confronted by private security officer, they can call the private security firm phone number and complain about that particular security officer. The question is, what happens to that complaint, and how it is investigated? That information is not being forwarded to the city and not being reviewed by the city on a consistent basis.

**Hardesty:** I shared your concern about that. I'm also concerned that we have -- we are raising money and giving it to a private entity that hires police that have access to da's in the ways that general public does not have. I know the go Lloyd district pays for an assistant da. They also have staff to assist them in prosecuting community members in the Lloyd district. How do we get

October 21-22, 2020

access to that data about who is being prosecuted through these enhanced service districts, wears the demographic breakdown Of the people being prosecuted, what are the outcome of those cases?

**Fercak:** That is data you would have to go to the das office, at the county level and see really what, you know, what the arrests are, what the outcomes of those arrests are? That would be something to, in the future to take a look at and compare it to other parts of the city.

**Hardesty:** I'm surprised that's not in the agreement that we would have annual report backs about that data. I am very troubled. I read this audit and I was like, it can't be that bad. But apparently it is. My next question is, why is the city not recovering its cost as related to these enhanced service districts?

**Fercak:** It yet, reason they gave us not recovering full cost, again, they wanted to make sure that they keep the administrative costs low, so that more money is spent on actual district services. This would also be something that the revenue division could take a look at to, you know, assess what even is the cost of administering these districts. As they stated, if you add a district management office, or a manager, or liaison, that's going to increase the district administration. It the city is involved in collecting the fees, and then distributing fees, there's a lot of work involved in cost to the city.

**Hardesty:** Especially when the districts combine, \$8.5 million that is being spent on I'm assuming the city's behalf? The city is collecting those dollars for the city is distributing those dollars. Basically it's kind of a free-for-all. They do what they want to do with it and we don't question it. I just have so many questions. I'm going to stop because I know my colleagues also have questions. I will probably come back. Thank you. Thank you for this very detailed audit. Let me just say that it troubles me greatly that these enhanced service districts -- the complaint that you have heard from committee members are not new. These are complaints I have been hearing for at least 15 years solid. People continue to ask where do I go to complain. And no one ever gives a really good answer. I'm also very concerned that it says in your audit that we have Portland police officers working for private security firms. How does that work?

**Fercak:** It, currently the way the contract between the city of Portland, clean and safe, also a contract between clean and safe, the private security firm. Um, those two contracts currently state that the city of Portland police officers are funded by clean and safe will work together with the private security officers. Something we were trying to determine and lookouts, is what is the reporting authority there.

The supervision of these Portland police officers could be within the Portland police, or within the security firm. It is a bit vague. We

October 21-22, 2020

did not look into detail on exactly how this is working. But this is something again, council should look at those contracts to make sure that it clarifies, you know, what is the supervision requirements? Who do the police officer report to. Who has the authority of over their assignments, how they are assigned? Or even how they are selected? Working with the clean and safe district. That is important pray for us, it was difficult to assess what is the city looking for there.

**Hardesty:** One last question, I think you may have just answer this question. It's unclear who the Portland police officers report to, and who the authority is given to win these four police officers are working on behalf of clean and safe, is that accurate?

**Fercak:** Yeah. I mean,, you know, when we interviewed the Portland police regarding this, they will say, of course, the Portland police officers report to their sergeant. In practice, the question is how does it really work in practice? What is the oversight of that? Who is really looking at this? How does it work on the ground?

**Hardesty:** There are known four police officers assigned full-time to clean and safe?

**Fercak:** yes.

**Hardesty:** My last question is about procedural justice. These districts that have the ability to both have their own police and their own da. That, to me, sounds like there are some parts the city that have more access to our justice system, than other parts of the city. Is that a best practice that you would give some small groups more access to justice than others?

**Fercak:** I would say it's a bit of an overstatement to say they have their own das. They provide some funding, or provided in the past.

**Hardesty:** That is not an overstatement, at all.

**Fercak:** Right, but the da doesn't just work for the Lloyd district is that's what I'm trying to say. The districts provide some funding to the das offices and in the past they have also funded community courts. The question around that is, yeah, it is a best practice or not? The question really is when you provide funding, that gives you increased access and some authority, it gives you influence over that office. That is really the key question. How much funding do they provide, how does it work, what do they get for that? That is the question.

**Hardesty:** I will stop there. I know my colleagues have questions.

**Eudaly:** Thank you, Mayor. Thank you for continuing with your questions Commissioner, Jo Ann Hardesty. Hopefully my sneezing fit has passed and I can get the words out. I do have long-standing concerns, and a lengthy list of questions which I am not going to ask um everyone in the session today. I think I will follow up outside of session. But, um, I am wondering if you can

October 21-22, 2020

give us a sense -- I know that enhanced service districts are partially funded by additional um, I think taxes that property owners agree to pay. Is that how it is collected?

**Fercak:** Um, yes, although the wording here is important, because it's not a tax at all. It's a fee. And, the differences, you know, that the members of this district really have agreed to form a district and pay this fee. There is an agreement that this district can be dissolved at any time if a certain amount of the members don't agree to it. It's not a tax. It's really a fee. You can consider it a fee for service. City code, it's actually considered a property management fee which is how it is classified.

**Eudaly:** All right. What percentage of the total cost is covered by those additional fees that the property owners own? I'm sure it varies. With the central eastside, I want to express my cautious optimism about, because we worked closely with cic, my office, and community members to really create a new model for esd's, and work directly with impacted communities, including representatives from the homeless community and updated its guidelines on what revenue could be spent on. In central eastside, that his parking revenue as a portion of what funds the esd, unlike the other two. Sorry. Can you give me a sense of what portion they are paying for? And what we are backfilling?

**Fercak:** So, your question from backfilling. Are you talking about money coming out of the city?

**Eudaly:** Said we are not doing full cost recovery. We know what their total budgets are, what portion are covered?

**Fercak:** That would be a good question for revenue division. With the exact cost is for administering these districts. I think at the time of the audit they are assessing them, that may be something to asked him about. I would be the right person to answer them.

**Fercak:** That's fine. But then to your other question, is the money that comes out of the fee collection. You are correct that the districts also sometimes have other sources of revenue. Central eastside does have some p-bot money coming in for there are various sources. For example Portland business alliance. We really focused on the fee district.

**Eudaly:** Can you tell me how much of the budget from each of the esd's goes towards private security? Are these two technical questions?

**Fercak:** I think we included that in our audit report. It depends on the district. For clean and safe, it's a majority of their budget. It's a substantial amount that goes into security contracts.

**Eudaly:** Okay. You mentioned a lack of oversight at the city level, and challenges with the revenue bureau. Does past Portland have any kind of relationship to the esd's in the managing associations?

October 21-22, 2020

**Fercak:** Yes. The districts, I know for sure that clean and safe the downtown district has a contract with cross of Portland. So does the central eastside. Yes, there is a lot of different relationships, I guess you could call them, contracts with various city bureaus. Yes.

**Eudaly:** Okay. Um, I do think a lot of my questions are a little too detailed and technical. I will follow up with the appropriate bureaus. But, um, I do want to mention that these contracts come up for renewal, and we are not vetted to who administrates -- to the managing organization is. I think it is high time for conversation about that.

**Fercak:** Actually, clean and safe is coming up for renewal next year. I think Lloyd is the following year. This is good timing to review those.

**Eudaly:** Great. Thank you so much. This was incredibly helpful.

**Fercak:** You are welcome.

**Wheeler:** Could I ask a couple of questions? I don't see any other hands raised at the moment. So I will jump in here. You mentioned required reporting? What reporting is required and where do those requirements derive from?

**Fercak:** The reporting -- the ones that we are referring to that are currently in place are all listed in the agreement between the city in the districts. And then there's also agreements between the districts and their service providers. So, there are clear guidelines in those contracts of the reporting I should be. That includes submitting annual budgets for the districts. The complaints for arresting officers and those would be examples of reporting by district to the city there is really no consistent of review. There may have been examples in the past when revenue has asked for those. Request of those reports and review of those reports.

**Wheeler:** Let me ask you a broader question.

**Wheeler:** I think there are many benefits to the service districts. I appreciate what Commissioner Eudaly said earlier. I don't view all of these the same. Some of these are old legacy contracts. The ink is still wet on that agreement. That was seen as being a very community focused effort and there was some real innovations there and at the time we held hearings on that on approved to we declared that that really represented a new high bar for how esd should look at how community should be engaged going forward. My informal conversations with people lead me to believe that so far, that arrangement has worked really well. I don't want to paint with too broad of a brush. I want people to understand there has been revolution as far as the revolution of esd's. My larger question is this; I know a lot of the audit reports that I get back say things very similar to what this audit report says in terms of there is basic information that is not hard to collect, that is asked to for in the agreement that the city signs, and then we don't collect it. Part

October 21-22, 2020

of what I think is happening here, I'm just going to put an idea on the table, and you can shoot it down and supported or whatever. We sort of shoehorn various contracts into various euros. They don't shoehorn in very well. What happens is the bureaus that frankly have other higher level strategic imperatives push this work to the side. You've got the revenue hero whose job it is to collect and distribute revenues. They have all of their systems and alignment to collect and distribute revenues. Even in your audit you say they're really good at that, but then it comes to who is overseeing the security notes of? That is unfit to very neatly with the bureau of revenue in the office of management. I think part of the problem is we need a larger conversation about accountability and oversight. How is the data filtered out to all of us as Commissioners, and the bureau of directors and others? I'm guessing, when they read your initial audits, when he asked the questions, they were like I didn't know I was supposed to be doing that. Did you get some of that? What happened here? Why he required reporting not being done? Why not?

**Fercak:** Yeah, this is something we see often in auditing, you know, you put together a contract, or you pass a measure, and there's requirements and therefore monitoring and oversight. Often times, like your saying, falls off. Nobody really is tasks without duty to really monitor and oversee. To be fair to revenue, they did know about all of these requirements. They did know about the contracts. They really said, how do we assess what services should be provided. It does make sense that it is not in there. They're really not the ideal bureau to be doing this.

**Wheeler:** Is there a way, Alexandra. You have narrowed in on a very crucial point. I appreciate the bureau's response on this, yeah, you are pretty much right and we need to do better. I think we need to spend some time talking about how we are going to do better. I think administratively, under this form of governments, and the separation of bureaus in different data management systems that we are using, we are going to continue to have this problem, unless somebody does something fairly dramatically different. Is there a way, for example, with the current systems that we have in place, could we create sort of a central, repository of all required data collection for each of our, you know, two dozen plus bureaus. Otherwise, were going to run into this and every audit. For whatever reason it gets pushed to the side. How do we stay ahead of it as opposed to just hearing about it after the fact? What are other jurisdictions during?

**Fercak:** In this case, it doesn't really require some kind of a fancy data management system. It's really a matter of collecting these reports, and these budgets, and services, and having them available to city Commissioners, and the public if they ask for it, and really to have a centralized someone that can provide some kind of assistant oversight, and collection of those reports.

**Wheeler:** Where do you think I should reside? I could actually see the legal counsel being an

October 21-22, 2020

appropriate place for this to reside. That is where all of the contracts end up. Do you have some recommendation for us on how we might go about this?

**Fercak:** We didn't make any recommendations on that. Our main recommendation is that counsel go back to the drawing board and look at the purpose of these districts. What do you want from these districts. That is our first task is to sort of develop the purpose. What should districts be doing? How should they look? How inclusive and transparent should they be? Once you have that in place, then look at drafting the contracts that are going to reflect that purpose, and the mission of those districts.

**Wheeler:** Good advice. Commissioner Eudaly has her hand up again, or no. Commissioner Hardesty?

**Hardesty:** I think back in the 80s when clean and safe was actually passed by the city council, I'm sure there's almost nobody around that remembers how the actual contract was developed to. Having said that, it is really clear that there has been no oversight. I honestly don't blame the financial director, because in fact that is not their job. They don't do that for any other dollars that they collect and distribute. I do wonder why there wasn't any warning signs, you know, 20 years ago that data that was expected actually did not show up, right? It is very troubling to me um that we have just kind of been collecting money and giving it to a program, and we just keep renewing it every 10 years without any due diligence around what is appropriate to what is appropriate. Um, I continue to have a concern about paying for police and paying for das. Again, I don't get to do that in my neighborhood. Just because people don't tilt more money than I do, doesn't mean they should have more access to policing services, or to da services than I do. So, the timing is absolutely perfect on this audit. Clean and safe comes out next year, and then the Lloyd center comes up the year after. I do believe what we have done at the central eastside industrial council could be a model that we adopt moving forward for any new, or any reauthorized services -- enhanced service districts area thank you. I really appreciate the work that you have done. Again, I don't blame the finance department. Someone is responsible for not getting as the data that we as a counsel way back when so we were supposed to get. I appreciate your work on this and giving us an opportunity to correct this before we approve any additional enhanced service districts. We need a longer conversation about esd's in general. As you said, Alexandra, what is their purpose? I will put on the bucket today, I have no interest in allowing private businesses to hire Portland police so that they can subsidize private security. That change will be in a worse as we move forward. There are other changes that need to be made as well. Thank you.

October 21-22, 2020

**Hull Caballero:** If there's no more questions on enhanced service districts, you're going to see some of the same things we were talking about in our next audit which is about the social equity construction.

**Wheeler:** One moment. Commissioner Ryan are you trying to get in here?

**Ryan:** Real quick. Thank you. Have you compared esd's with other municipalities around the country? Is there any best practices out there that we know of?

**Fercak:** We have not compared them with other municipalities because districts are so very different anyway you look at. For example, Colorado and California, the states themselves have laws that directs more of the governance pray for example, how the board of directors should be selected. That is something that Oregon and the city of Portland does not have. So yeah, there are other places that have more of a strict guidance and even laws in place to direct these districts. Yes.

**Hardesty:** Do we have boards? I know we have one on the central eastside? Do the other two have boards as well?

**Fercak:** Yes, they do.

**Ryan:** Thank you, Commissioner Hardesty, you would not know that when you are listening this report. The overall lack of accountability we saw first was kind of mind blowing. Thank you.

**Hull Caballero:** Elizabeth Tate will kick us off for the construction contracting audit.

**Elizabeth Pape:** Hi, everyone. Let me get my presentation going. Does everyone see my screen now?

**Wheeler:** It looks good.

**Pape:** I am a performance audit prayed I was the auditor in charge in the equity construction audit to pray freeman was the other auditor on the team. We are here to discuss an audit we released earlier this month. To determine whether the city's initiative to promote equity through construction contracting constitute a coherent system, and also to perform a more in-depth review from the prime contractor development program and the sub-contractor equity program. Portland adopted a suite of programs in 2012 to use the impressive purchasing power of city hall to correct race and gender disparities in construction contracting. To provide opportunities for owners of state certified, socially disadvantaged businesses to build projects worth tens of millions of dollars. For women and people of color to learn a trade adversity government to make Portland a fair society. The city had five initiatives to promote equity and contracting. The subcontractor equity initiatives set aspirational goals for prime contractors to hire certified subcontractors. The workforce training and hiring initiative set aspirational goals

October 21-22, 2020

for contractors to increase workforce participation by women and people of color and higher apprentices. Workforce and contractor diversity per grants. [talking fast] this became the community opportunities and enhancement program in 2018. Alternative bid contracting initiative used as a community equity and inclusion plan, or a community benefits agreement for public improvement projects the more than \$10 million. The contracts provide the best value rather than the lowest bid. Contracts prescribe processes to meet diversity goals and include input from a community led problem-solving community. Lastly, the prime contractor development program supports development of certified contractors through training and technical assistance, and by limiting competition on prime construction contracts less than \$1 million to participating firms. Today we are going to share our audit results and recommendations with you. We're going to provide an overview of the details included in the report. We want there to be time for questions and discussion. We will share our audit results with focus on the prime contractor develop a program. [inaudible]

the procurement process, which had a lack of oversight that made the procurement process less bare. Perceptions of favoritism in communication with vendors, and barriers to increasing the diversity among construction contractors and workers in Portland. We will save room for discussion so we haven't included all of the information gathered and we will tell you what to look for more. There is a strong narrative of dissatisfaction with the cities construction equity programs among stakeholders. These include minority contractors, advocates, organizations involved in workforce training, and bureau construction project managers. Procurements actually doing well according to the guidance work. This slide shows the city's goals for subcontractor equity and workforce training and diversity along with actual performance. The goals are listed here on the right, and then the actual performances on the left. Procurement is exceeding some of the goals those marked in green. Procurement is meeting its goal for minority and women subcontractors. 15% with the goal of 40%. If you include emerging small businesses in the goal, they are not meeting the goal. The goal one emerging small businesses are included is 20%, and they are at 19%. Procurement is exceeding the goal for people of color working on job sites. They're at 30%, where the goal is 14%. It is meeting the goal for purchases on worksites. It is not quite meeting the goal for women workers on worksites. There is some problems with these goals and the data that we will talk more about later in the presentation. For example, there is no goal for prime contractor participation. The data is not disaggregated. It varies within the data for certain groups. If you want more detailed information on these metrics, their interactive reports online and we will provide links at the end

October 21-22, 2020

of the presentation. This slide shows that city staff are influenced by goals that they set and will move programs to meet those goals. If you want more progress on equity, there's a good chance that changing the goals will help. Now Gordon is going to talk about the prime contractor develop a program and some issues within the procurement processes.

**Gordon Friedman:** Hello, I am Gordon freeman with the city auditor's office. We will talk a little bit about the background of the program, what we found, and our recommendations. The purpose of the prime contractor develop new program essentially is to unlock contracting opportunities for certified firms. Those are women owned firms minority owned firms and emerging small business firms. The way that the program unlocks these opportunities is by limiting bidding on prime construction contracts valued at \$1 million or under to a pool of companies that are preapproved by procurement services. The program also provides training and technical assistance to participating companies in order to enhance her business skills. The next slide we can get into the results. Something that we did with the audit is gather evidence to see see who's winning contracts to the program. That is what this chart shows. The dollars awarded to minority and women owned companies were about equal at \$21 million for each group. But, companies owned by white men come also earned a significant amount through this equity program as well, to 12.2 by dollars. Overall, awarded via this equity program. On the next slide we can see that the amount won by white men through this program was almost as much as these six other demographic groups combined. African-American men, Asian-pacific men and so on. On the next slide we will see another interesting piece of information. Of course, one of the primary goals of this program was to help the businesses that participate in it become prime contractors on city jobs. The program we found it did not help most participants become prime contractors. Of the companies that participate in the program, more than half never won a contract through it. On this slide, we can actually demonstrate why the prime contractor development program works as a greater barrier to contracting equity. If we look at this chart, the lightest bar shows the current number of state certified construction companies located in the Portland metro area. There is 564 companies that are theoretically available to work on these jobs, because they are certified by the state as women-owned, minority own or emergence small business but if we compare that number to the darker orange line, that line shows how many companies are currently allowed by procurement to compete for contracts via the prime contractor development program. There's a big drop off from 554 companies down to 27. Then we compare that to the bottom line, the darkest line shows that of the 27 companies approved by procurement to bid on contracts through this program, only 10 have ever won a contract.

October 21-22, 2020

This is an illustration of an equity barrier. We have a large group of certified construction firms, but a small number of them that are allowed to compete for these contracts none of those that are allowed, less than half have actually won a contract. On this slide, we will show how procurement services did not follow some important program rules. As I said earlier the program works by requiring contracts \$1 million, and under to be bid to certified firms. There are exceptions to that rule. But they are narrow. A bureau must demonstrate a good reason for awarding contracts outside of the program such as an emergency, or the unavailability of contractors, and approval to award the contract outside the program is at the discretion of the chief procurement officer. Our review of the contracting data showed that procurement awarded \$33.6 million in eligible contracts outside the program. That is the sum of the blue and gray bars on this chart. Of those contracts awarded outside the program, contracts worth at least \$18.2 million were awarded outside of the program without approval from the chief procurement officer. Those contracts are represented by the blue bars on this chart. As you can see park and recreation was the top in this category. Awarding these contracts outside of the program, without approval violated city rules it also potentially withheld opportunities for wealth generation and experience from program participants. On the next slide we will talk about a couple of other issues. Waste of city funds and lack of monitoring. First is the wasted funds. We found that the program spending on technical assistance was arbitrary. Some businesses that participate in this program received a lot of help, worth tens of thousands of dollars. Others received none for reasons that were not clear. Procurement also spent tens of thousands of dollars providing assistance to companies that were not eligible for that help, because they were not in the program. Procurement also spent \$230,000 buying a training program that it did not appear to help participants. It was marketed to the participants as providing a graduate degree when it did not. The program's manager retired and moved to the Midwest, but was quickly awarded a contract to work as a consultant to the program. Separately, another consultant was hired despite an apparent conflict of interest in another consultant was awarded a 500,000-dollar contract in violation of city rules. On to monitoring, procurement did not keep -- effectively keep track of what was going on with this program. It did not have a master list of companies participating in it. It did not track its spending on technical assistance and. It did not track which companies were doing well and which needed help. And in addition, city council directed procurement to set program performance goals, but procurement never set those goals. Counsel had also directed procurement to give the city council regular progress updates, but it did not do that either. Many of these programs are long-standing, we identified them and

October 21-22, 2020

an audit of this program's precursor which was published more than 10 years ago.

Now onto our recommendations. First we recommend that procurement expand access to contracting opportunities for certified construction firms by removing the barriers we identified. What we recommend is that procurement simply bid contracts \$1 million and under to certified firms. This is similar to how contracts are awarded currently but it would vastly expand the number of women and minority owned firms able to bid on city construction jobs. Next, procurement should eliminate the technical assistance programs. The audit evidence shows procurement has not been able to make these programs work over more than 10 years and city council has already assigned the roll of administering business technical assistance programs. We recommend that procurement let prosper handle that work. Next we recommend procurement work with interested parties such as the fair contracting form to set the goal for use of prime contractors on city construction projects. And procurement should track and report progress on that goal to city council and the public. As Elizabeth noted earlier, there is evidence that setting goals for use of certified firms it improve equity. Finally, procurement should follow the existing rules for documenting and approving exemptions to the program bidding requirements. In the next session we will talk about contracting integrity issues we identified that can make contracting less fair or equitable. We would talk about collusion and bid rigging, project bundling and state certification. Sometimes called co- bid, not to be confused with the covid. And then we will talk about our recommendations. The first item is collusion, sometimes called bid rigging. The city has anticollision provisions in its construction contracts but it does not enforce them. We found opportunities to break these provisions as well. For example we found relatives who owned separate companies had the opportunity to bid on the same contracts which would violate the anticollision affidavits. Next to come onto project bundling. Project bundling is the process of tying together separate but related projects to achieve efficiency. For example by grouping small projects together, if they are located in the same area of the city. This can save money, but it can also affect contract equity if bundling is used to keep projects out of equity programs. Council has directed procurement to create a criteria to eliminate bundling, but procurement ever did. Next on to state certification. We found procurement and officials were aware of allegations of certification fraud, but they did not act on them. Even though there is a process to investigate and take action. And through the course of our audit work we identified specific examples of firms that appear to be questionably certified. We passed on our evidence about these companies to procurement in the city attorney's office and requested an investigation. The first case we found a white male owned emerging small

October 21-22, 2020

business firm had graduated from certification, but appeared to reform itself under new name to again qualify for the city's contracting equity programs. In another case we found a woman owned companies that appear to have close ties to the owner's father for the certified firm was owned by the woman and has performed millions of dollars of jobs as a subcontractor to the noncertified firm owned by her father. We found the state initially declined to certify this company, but later did certify them after allowing the company to correct the circumstances that made it ineligible. Later a state official said it was their opinion that this firm broke the law but the state certification agency did not take further action. Lastly, we found a person who has two construction companies, one is certified, one is not. Attempted to have the noncertified company subcontract with the certified company. In essence this person try to subcontract with themselves to achieve equity goals. The effect of this is legitimately certify companies can lose out on contracting opportunities through the city. Our recommendations in this area; first we recommend procurement, appoint a procurement inspector to investigate and report on any purchasing issue that they find relevant, whether that is a complaint of certification, whether those rules being followed in other city projects, or anything else they find relevant. Next we recommend that data, and use data that's already available to it about the prices that are submitted for bids. This would allow procurement to monitor for bid rigging. Lastly, we recommend that procurement to follow city council's directive to create a criteria to prevent project bundling. I will now turn it back over to Elizabeth. Thank you.

**Pape:** Next we will talk about perceptions of favoritism. Procurement staff worked hard to build relationships with organizations such as the national association of minority contractors and the Oregon association of minority entrepreneurs. In prioritizing relationships with some organizations, other organizations and their members felt left out. There is also an inconsistent approach to information sharing about upcoming projects. For example, some procurement staff members introduce select minority contractors to high-level staff. The lack of a uniform approach to information sharing frustrated some contractors who Told us that the city play favorites by providing special access to information. Creating an online list of upcoming projects. The list was not updated for more than a year. These are recommendations to overcome perceptions of favoritism. Procurement should centralize outreach, and create formal outreach procedures that ensure fairness to all participating contractors. All staff staff performing outreach should report to the chief or officer. Procurement should show the bureau's post upcoming projects on procurements website. Next we will talk about workforce diversity. We touched on part -- [inaudible] [talking fast] this city is meeting its goal of having more than 20%

October 21-22, 2020

of workforce on job sites as apprentices. There are disparities within the data. The chart on the left shows that overall, the workforce is 21%, apprentices, with the rest being regular employees. Among black workers, 50% are at the apprentice level, and women workers, 36% are at the apprentice level. This may indicate that black and women workers are having trouble from transitioning from the apprentice stage to full-time workers. Women and people of color are disproportionately working in lower wage positions like flaggers and laborers. The chart in the middle shows comparison of men and women who work as all laborers, all workforce. Women make up 57% of flaggers, and only 8% of the overall workforce. And then the chart on the right side, [reading screen] to put these numbers in context, flaggers make \$31 per hour and laborers make it \$36 per hour compared to \$58 per hour for equipment operators. Both bureau and procurement staff are well aware that certain types of products. [reading screen] it also led to exemptions from subcontractors. Procurement did not report these barriers in the city did little to develop capacity among certified contractors. In order to increase the diversity of people and contractors working on projects, the city sets aside 1% of construction project costs for workforce training and technical support to contractors. The program funded by this money has moved. The city first started in a 2012 pilot program that allocated funds for specific projects. An evaluation of the program found high overhead costs, limited impact on the demographics of workers and contractors on the projects, and that the program was susceptible to conflicts of interest. In 2018, the city created a unique opportunity and enhancement program to pull the funds for all projects and disburse grants to a standing committee. The city requested applications for organizations and received 39. But then decided to not award any grants. Two years after it was first created, the city moved the program to cause for Portland. Began implementation of the program after an audit period ended. Its work was not included in this review. Though the agreement between the city and Prosper Portland, provides better oversight. Success is not guaranteed. Given this context, it is important for Prosper Portland to ensure progress reports as required by the agreement. Chiefly those that measure equity outcomes. It's also important that procurement carefully evaluate and act upon information provided in the reports, if necessary. These are our recommendations for overcoming barriers and providing capacity. Procurement should produce public reports on the city's progress towards contracting equity goals including the use of disaggregated data when it helps to explain barriers. It should use overall progress and project reports to identify trends and lessons learned there can be used to inform technical assistance at workforce grant awards or develop new policies. The city should use data to evaluate the results of grant awards on growth in the

October 21-22, 2020

construction market and report information to counsel. If you wanted more information on our report to. It is available on our website Which is

[PortlandOregon.gov/audit services/contract](http://PortlandOregon.gov/audit%20services/contract). We also created an online interactive report on data on the subcontractor equity program and the prime contractor development program which you can access at [PortlandOregon.gov/audit services/contracting dashboard](http://PortlandOregon.gov/audit%20services/contracting%20dashboard).

Procurement has also created an inactive report with workforce training and diversity data which you can access at [PortlandOregon.gov](http://PortlandOregon.gov). [reading screen] also, feel free to e-mail me if you have any questions. We can answer any questions you might have about the report.

**Wheeler:** Thank you. Colleagues? Commissioner Eudaly?

**Eudaly:** Oh, yeah, I have some questions. Thank you for that scintillating audit. I think you saw me shaking my head, holding my head to in dismay, also laughing because you've got some retro clip art in a presentation, including a floppy disk which the embodiment of what is wrong with our system and the outdated technology. I don't know if that was the purpose, but I wanted to give you credit for that. This is an issue have been following closely since my first election. It was not an area of expertise whatsoever, and I'm still learning about it. I want to make sure that I am working with the same numbers. In 2016, the city's procurement rate for women and minority business owners was 3% for minority business --contractors, and 1% for women. Am I working with the same set of numbers that we are now seeing around 14% combined?

**Pape:** Our numbers are coming out of procurements um program which they require all contractors and subcontractors to submit payments for reporting on equity goals. That is a newer software that the city is using. I think our scope included 2018, all of 2018 through October of 2019.

**Eudaly:** I just want to make sure that I'm not comparing apples and oranges. I am fairly certain five years ago, the numbers were extraordinarily low. I wanted knowledge that I think we have made progress?

**Pape:** You are raising a good point, procurement has not done a good job of reporting these numbers. It stopped reporting them entirely in 2017, and prior to that, used different -- reported different metrics, used different methods to come up with the numbers. I think consistent and ongoing reporting would really help us to put this more into context.

**Eudaly:** I will start by saying that I imagine a conversation about procurement is one of the most boring things that many members of the public could imagine. It's actually one of the most important functions of our government. And, our local governments, and how we spend public dollars is one of the most powerful ways that we can benefit disadvantaged communities. This

October 21-22, 2020

isn't charity, it is justice. So, I am a little riled up right now. I have a lot of comments and questions. I'm going to try to go through them quickly. Um, clearly I'm really disappointed and disturbed by a lot of the findings in the audit. I am cautiously optimistic about the progress and trajectory of p-bot subcontractor equity performance. I will acknowledge that we have a long way to go before our contracting community reflects diversity of artful community which I believe should be the goal. Even the aspirational goals that we have right now, I feel are inadequate. I'm going to skip over the p-bot comments. So, I am glad to see that one of the recommendations involves procurement services producing public reports on the cities progress toward contract equity goals. That is something that my colleague, Commissioner Hardesty, has been asking for consistently. I think in every single instance that we are talking about procurement. And, I am sure she is tired of asking. Let's just make that happen. I am wondering if anyone can explain or justify to me why emerging small businesses are even part of this equation? I mean, great if we can disaggregate, but, the real goal is investing in women and Minority contractors. Does my first question. Does anyone know the answer to that?

**Pape:** I think that is probably a best question to go to the city attorney. I believe it has something to do with, um, the way of setting up a program to make sure it's not race and gender based.

**Eudaly:** I will get to that a little bit later. The level of manual effort required with the systems, at the time, is unsustainable. So we are trusting procurement service will lead development of the citywide theology to disaggregate this data to make it available? 'S aunts, I really look forward to a new day of providing the city with a more accurate view of the diversity of our contractors, and in order to determine where we need to make more intentional efforts to change. I'm going to skip over a lot of comments about p-bot. I do think p-bot is doing an exemplary job relative to some other bureaus, and I want to volunteer our expertise, if anyone wants to take a look at kind of what we are doing including around bundling and unbundling projects. Sorry. Again, I'm going to have to follow up outside this meeting. There's a too many questions, and I've been taking notes. Here is one of the big issues I would like to put on the table today. We are able to seek low bid exemptions so alternative contracting methods can account for criteria other than cost. And, I know these exemptions require a great deal of time and effort, and his not sustainable for each and every project, especially smaller projects. We had a conversation last April, in which we briefly touched on a contract equity performance score that could be incorporated into the low bid model. Since then we have done a little research and it appears as though this would be permissible, I've got the statute right in front of me, I'm not going to read

October 21-22, 2020

it. I will share with anyone that wants it. The contracting agency can evaluate the bidders efforts of integrity. Despite the fact that every time they fail to meet our equity goals, this would be one way. This would include record of integrity and contract equity performance score. The question I have is, what is the status of the development of a contract equity score that could be incorporated into our low bid model?

**Pape:** Um that was not something we discussed with procurement much. We did make a recommendation that they recognize contractors asking you to break it down by contractor, by project and by bureaus. If you want to show how p-bot is doing well, you can see that there, as well.

**Eudaly:** The next topic I want to touch on is the business of disparity studies, and how while that might sound like a good idea, it could deliver lower, setting our aspirational goals lower than where they currently are. Which is not something that I would support. I know that um, it's challenging to navigate the race and gender conscious aspect without veering into discrimination. I would really appreciate the opportunity to incorporate gender and race practices with hard goals that have teeth. I think we can do that. I also think we need to consider accepting self-identification by firms that might not be certified with the state. It doesn't sound like the state is doing the best job of guaranteeing these contractors are actually in compliance. Um, and then finally, just to wrap up um, we are all somewhat implicated in this report, including not just procurement services, but really bureaus throughout the city, and including p-bot. P-bot is engaged with procurement services having an active conversation to identify next steps. We are working to build stronger relationships with our contracting community including contract equity advocates and trade organizations who have contributed to organizations associated with topics addressed in this audit. In addition to building though stronger relationships um, building a stronger forecasting framework to get information about projects and to facilitate more diverse prime and sub partnerships to build capacity, we are also engaging in discussions to evaluate our internal practices to make sure we are a great bureau and ultimately great city to work with. I'm going to be checking next steps of this audit closely in the coming months. This is an issue I'm really passionate about. I just would appreciate um, any input or support from my colleagues. It is clear that there is enormous room for improvement. I want to finally say, as with the audit we heard on esd bees, realizing required work that has slipped through the cracks, I just, you know, this is an extraordinarily huge enterprise, and we inherit assets and deficits. There is a big problem with city council making commitments that it never fulfills and I do believe a lot of the times it's not ill intentioned, it is things that slip through the cracks, and that there is

October 21-22, 2020

simply not enough accountability. We need to work on that. Thank you for humoring me everyone. I'm still riled up.

**Wheeler:** Thank you, Commissioner. Can people stick around for another 12 minutes.

Commissioner Ryan and I have the same call with our county colleagues, Commissioner Ryan, I am trying to move out to 3:45 so we have a little extension here. I want to make sure that is okay with Commissioners Hardesty and Fritz? Can you stick around for another 12 minutes?

**Hardesty:** Thank you, ma'am. Thank you Commissioner Eudaly, for your statements.

First I want to thank the auditors. I'm never disappointed when the auditors come out with a report. Because it always identifies something that either we didn't know, or we knew, and we needed validation on. On this a particular report, there surprises in it. Every audit that has been done over the last 30 years show that there are people that know how to game up a procurement system and they are very effective at it. However, having said that. The last three Mayors have created created programs that were supposed to benefit minority and women owned contractors. They all failed. They all failed consistently, because it appears that procurement doesn't have a standardized way and how they do contracting. There are some people in procurement that favor some contractors over others, and it's not just in your audit. I've had those conversations over and over again. What I want to know is why do we continue to focus 20% of businesses that are certified by the state when we know 80% minority and women owned businesses don't go through the headache of getting a state certification. Why do we do that?

**Pape:** We didn't look at the alternatives to the state certification.

**Hardesty:** In my mind, that is the biggest problem that we continue. We continue to recycle the same people, because we use 20% of our available workforce by only focusing on state certified firms. Nothing magic about being state certified, except people went through a lot of hoops to get that certification, and again, procurement over and over again has a firm that only 20% of businesses are state certified. I think we have the wrong people in procurement. I would just say that right now. I think we need to have a huge audit top to bottom a procurement. I do believe that people are gaming the system. He pointed out some very appalling examples of how people utilize our own system to game it, whether that means hiring their daughter, whether that means starting another firm. This is not new. This is only second to policing that I've been advocating on for 30 years, in the city of Portland. I have spent a lot of time looking at all of the new committee we put together, the new aspirations, and honestly the city has never, ever achieved the goals that they have. What I see your audit doing is giving us a roadmap of what it

October 21-22, 2020

is that we consistently do and fail at. I've already talked to both Tom Reinhart and I've talked to Lester way too often, and he knows it. I have no confidence that the current makeup of the procurement office is ever going to change the outcome of what we want. I just want that on the public record. Let me also say the response to the auditor in my mind were inadequate. But the audit points out is that different staff don't even know the law around contracting out what they can and cannot do as it relates to holding contractors accountable. It is clear that certain people in procurement operate differently and outside of what the city council has sent as their standard. Some people just honestly are lazy, not willing to do their due diligence in the work to make sure that other people are getting these opportunities. Major contractors know this. They laugh at us on a regular basis, because we continue to aspire and we don't to achieve. I hope I never see an audit that looks like this again at the time on the city council. Because again, this is something that these same minority firms, associations have been saying for 13 years. For 30 years we keep doing the same thing over and over again expecting different results. We put it under pretty new name. We put it under new initiatives, but at the end of the day, we have done absolutely nothing to build minority and women owned businesses. That is why every time a contract comes in front of the city council I ask for the disaggregated data. I'm not surprised that they didn't start it until I started asking for it. They actually started disaggregating the data. I ask for it at every city council meeting. It is very disappointing to me that we continue to say one thing, and we continue to allow city resources to be a game so that the same white major contractors receive all of the benefit and the same people continue to lose. Your audit was thorough. I don't have any questions about your audit. I do have significant questions about how we, as a counsel, are going to make sure that this is the last time. The last three audits of procurement have said the exact same thing, and guess what? Nothing has changed. To my colleagues, you know, it is our job to fix this. I don't want to see another audit that says the exact same thing. Thank you.

**Wheeler:** Thank you. Commissioner Ryan?

**Ryan:** First of all, thank you that was very thorough. I will be reflecting on a quite a bit. I thought the slide on prime contractor development program, the barriers to was by far the more scripting to me. Was I right to see that only 27% of the 564 even qualified? That's a little less than 5%. The dominator, if you will, is just so bleak, and what is our action plan to increase that denominator? You know, and I will say, one bright spot yesterday, Commissioner Hardesty and I, and Commissioner Fritz were at a meeting about the big wastewater treatment project on Columbia boulevard. It was nice to see -- it was good to see how many apprenticeships are

October 21-22, 2020

involved in the program. That targets that they are meeting with people of color. Of course, that is the roadmap to actually improve the number of the higher wage jobs. You have to start in the apprenticeship programs, because that is weight the industry set up. I was pleased about that right I was trying to connect the dots with my meeting from yesterday. Anyway, thank you. It's quite grim and it is good that we have a baseline that we can improve on. One thing I was also missing is, I would love to see the following report. Like say if there was a report to years ago or five years ago, if there was comparison data from that one so we can see what the change has been? I know we are referring to it quite a bit. It would be nice to see it in the same audit please. Thank you so much.

**Hardesty:** Mayor, if I may answer one of the questions Commissioner Ryan asked which is around the apprentice. Ryan, we do an excellent job of doing unconscious, we do a poor job of getting procurements of people color and women. Apprentice always looks good. That is the lower end of the pay scale.

**Ryan:** So that's not a current trend?

**Hardesty:** I'm not impressed for that at all. That always happens.

**Pape:** I would like to say two things, the prime contractor development program and getting rid of that barrier. One of our recommendations is um to kind of do away with the requirement that someone is enrolled in the prime contractor development programs to have access to bidding on projects under \$1 million. Our recommendation was to simply rely on state certification for those projects. That will take a change by counsel from you to change the requirements for the program. That is something for you to consider. Um, that proposal does not include a proposal coming from Commissioners Hardesty, and Eudaly to use some other form rather than state certification. That would be an additional thing that you as a counsel could consider. Oh, the other thing you said, could we compare the data that we saw going back in our past audits? The unfortunate fact is that we really can't. Procurement hasn't kept consistent data. That is something, again, we want to see. The Mayor mentioned that with the est is as well, at such an important part of oversight is having good data. It's really up to management to programs to consider that they not only have a job to implement their programs, but also to provide um the public, and the decision-makers with the information that they can use to hold programs accountable.

**Wheeler:** Thank you. Commissioner Fritz?

**Fritz:** I have a comment based on Commissioner Hardesty's comment, there may be a projects that it has not been the case in the city. I was encouraged particularly in the disaggregating of

October 21-22, 2020

who was getting those apprenticeships. Thank you, Commissioner Ryan, for raising that interesting project we heard about yesterday. That is the community benefits agreement. That is the new thing that does seem like it has the best decent chance of working. I appreciate the audits on the work that is being done in the community and procurement services.

**Wheeler:** Thank you everybody. I will entertain a motion.

**Hardesty:** To accept the report. So moved.

**Hull Caballero:** You don't need to take any action.

**Hardesty:** We did talk about having a conversation about transforming procurement. I look forward to us -- I have started those conversations with procurements on Tom Reinhart. I do look forward to us in partnering to make sure that we never get an audit like this again.

**Wheeler:** No disagreement, Commissioner Hardesty. Our agreement, madam auditor I will give you the last word. We will accept the report by acknowledgment. Madam auditor, why don't you close us out?

**Hull Caballero:** Thank you all for your attention. We reserved a little more time, and clearly did not reserve enough time. We will try to get out better for a good discussion. We really appreciate it.

**Wheeler:** Excellent. Thank you everyone. Can you read a 44 to five am going to move that. Item 844 will be rescheduled on November 4, 10:30 a.m. Time certain. Thank you everybody. Excellent report. Good work to the auditors. We are adjourned.

**At 3:50 p.m., Council adjourned.**