



CITY OF
PORTLAND, OREGON

OFFICIAL
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 21ST DAY OF NOVEMBER, 2001 AT 9:30 A.M.

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

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

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

At 11:45 a.m., Mayor Katz left.

COMMUNICATION	Disposition:
<p>1347 Request of Ted Graham to address Council regarding issues related to a towing incident (Communication)</p>	PLACED ON FILE
TIME CERTAIN	
<p>1348 TIME CERTAIN: 9:30 AM – Amend the Comprehensive Plan Map and Zoning Maps to implement the Southwest Community Plan Vision, Policies and Objectives (Second Reading Agenda 1315; amend Ordinance No. 174667, Ordinance No. 171669 and Resolution No. 35649) (Y-5)</p>	176090 AS AMENDED
<p>1349 TIME CERTAIN: 9:35 AM - Adopt changes to the Central City Plan to add a West End Action Chart, a West End Urban Design Plan, two new actions to the Economic Development Action Chart, one new action to the Transportation Action Chart, and the designation of an entertainment district to the Culture and Entertainment Map (Previous Agenda 1249; Resolution introduced by Mayor Katz)</p>	CONTINUED TO JANUARY 10, 2002 AS AMENDED AT 2:00 PM TIME CERTAIN
<p>1350 Adopt the West End Policy as an element within the Central City Plan and the Comprehensive Plan, and implement this policy through Planning Commission recommended revisions to the Zoning Code and to the zoning and Comprehensive Plan maps (Previous Agenda 1250; Ordinance introduced by Mayor Katz)</p>	CONTINUED TO JANUARY 10, 2002 AS AMENDED AT 2:00 PM TIME CERTAIN

CONSENT AGENDA – NO DISCUSSION

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Mayor Vera Katz	
1351 Confirm appointment of Arthur DeMuro to the Historic Landmarks Commission for a term to expire October 1, 2004 (Report) (Y-5)	CONFIRMED
1352 Contract with Entercom Portland for \$49,200 to promote and produce a New Year's Eve celebration and provide for payment (Ordinance)	PASSED TO SECOND READING NOVEMBER 28, 2001 AT 9:30 AM
*1353 Amend contract with Pinnell Busch, Inc. (Ordinance; amend Contract No. 33329) (Y-5)	176085
Commissioner Jim Francesconi	
*1354 Authorize agreement for acquisition of the Juliet Burton Trust property in southwest Portland on the mainstem of Fanno Creek in the Fanno Creek Regional Target Area (Ordinance) (Y-5)	176086
Commissioner Charlie Hales	
1355 Accept completion of River Access and Transportation, Phase I Steel Bridge Pedestrian and Bicycle Crossing Project No. 03547 and authorize final payment (Report; Contract No. 32854) (Y-5)	ACCEPTED
1356 Set hearing date, 9:30 a.m., Wednesday, December 19, 2001, to vacate a portion of SE Lexington Street east of SE 120th Avenue (Report; C-9995) (Y-5)	ADOPTED
*1357 Apply for a Special Transportation Fund grant through Tri-Met for \$68,000 for small improvement projects to the streetcar system (Ordinance) (Y-5)	176087
Commissioner Erik Sten	
*1358 Agreement with Portland Housing Center for \$62,220 for rental housing services and provide for payment (Ordinance) (Y-5)	176088
*1359 Authorize contract with Tetra Tech/KCM, Inc. for engineering and technical services required for improvements to Well Sites 28 and 34 (Ordinance) (Y-5)	176089

REGULAR AGENDA	
Mayor Vera Katz	
1360 Adjust FY 2001-02 Budget for Fall Budget Adjustments (Ordinance)	PASSED TO SECOND READING NOVEMBER 28, 2001 AT 9:30 AM
*1361 Authorize a labor agreement between the City and District Council of Trade Unions for terms and conditions of employment of certain represented employees (Ordinance) (Y-5)	176091
1362 Adopt the Guild's Lake Industrial Sanctuary Plan, in order to preserve industrial land in the Guild's Lake Industrial Sanctuary, and protect and promote its long-term economic viability as an industrial district (Second Reading Agenda 1342) (Y-5)	176092 AS AMENDED
1363 Adopt the Guild's Lake Industrial Sanctuary Plan Action Charts (Previous Agenda 1343) (Y-5)	36041
<u>FOUR-FIFTHS AGENDA</u>	
*1364 Authorize the Purchasing Agent to sign a Purchase Order as a contract with ASAP Software, Inc. for an Enterprise License Agreement for Microsoft software licenses (Ordinance) Motion to suspend the rules and hear Item No. 1364: Moved by Commissioner Francesconi and seconded by Commissioner Saltzman.	CONTINUED TO NOVEMBER 28, 2001 AT 9:30 AM

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WEDNESDAY, 6:00 PM, NOVEMBER 21, 2001

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

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

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Closed Caption Transcript of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

NOVEMBER 21, 2001 9:30 AM

Katz: Council will come to order. [roll call]

Katz: I understand that we are now testing a change, but I need to make sure that everybody understand what the ground rules are, so Karla will -- karla will share that with the council members in terms of time and everything. We are changing, based on our conversation, having communications before we start the time certain, but there's got to be a time constraint. Mr. Graham is not going to be here, so we'll get to consent agenda. Any items to be removed off the consent agenda? Anybody in the audience wanting to remove items from the consent agenda? Roll call.

*****: There is one item i'd like to be removed --

Katz: Okay. And what is it?

*****: First of all. My name is gary --

Katz: Just tell me what the number is.

*****: Okay. Unfortunately I don't have that portion of the --

Katz: Just the number of the item.

*****: The action item amendment that's referred to as the downtown developments. 1349.

Katz: Sweetie, that's time certain. Go sit down. We'll deal with that later. Okay. Consent agenda items. Anybody in the audience want to remove consent agenda items? Would you show the gentleman -- okay. Roll call on consent agenda.

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

Katz: Mayor votes aye. [gavel pounded] all right. We are now at time certain. Item 1348.

Item 1348.

Katz: This is a second reading. I need to bring staff up, because she needs a clarification from us.

Marie Johnson, Portland Planning Bureau: Good morning, my name is marie johnson with Portland planning bureau. I just wanted to call your attention to one item that the council discussed at the last hearing on the 14th. There are some properties in ash creek that you talked about that border on narrow right of ways. Most of the right of ways are between garden home and Multnomah boulevard. In the materials that staff provided for you, you received a map that highlighted only the properties between those two streets. It neglected to highlight some properties south of garden home that the neighborhood was also requesting for the r10 designation. These streets specifically were 54, 58, 59 avenues between garden home and dolph street. We wanted to clarify to you that the decision that you made at that time applies to those streets -- the properties on those streets as well.

Katz: And those streets have those narrow streets as well?

Johnson: Correct.

Hales: That's your recommendation that we do that also?

Johnson: Yes. When we discussed it at the last hearing, we had read from the text that the request was for some other -- for other properties to the south of garden home. We just didn't clarify specifically which properties it was.

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Katz: Talk to us about some new material coming in. This is second reading, so I assume that we're going to be voting on this today.

Johnson: Yes.

Katz: Okay. All right.

Saltzman: We don't need to amend anything?

Katz: No. What did you say, commissioner Hales, with the understanding --

Hales: Yes.

Katz: Any objections to that? Hearing none -- [gavel pounded]

Johnson: We have copies of the clarification for you.

Katz: Okay. All right. We're ready to vote on the southwest -- I don't believe it. [laughter] how many are here? Bless your hearts. Roll call.

Francesconi: Just maybe briefly on two issues. One is, how do we have more citizens in our city to make it more vital, provide more places for our families and our children and seniors to live, and do so, though, in a balanced way with our environment? So we're protecting our waterways, our creeks, and our most precious asset? And that has been one of the fundamental tensions here that we've had to deal with in the southwest plan. And to have it end up the way we have gives a lot of hope for the future, that despite conflict and despite some different values, we have enough in common as a city that we can become more vital, we can become more dense, which helps our businesses as well as our tax base, as well as more residents for our kids, but we can do so while protecting the environment. So I think there's a powerful message here in that. And the second, maybe as important if not more important, that is, we can work through a painful process and come out of it stronger. So it takes very good staff work in order to do that. And I can't list all the staff, but there have been a lot of staff that have worked on this, and all the credit doesn't go just to the current staff as they would be the first to admit. And maybe some pain was inflicted on some of these staff that shouldn't have happened. And so I guess i'm sorry that that has occurred. But maybe because this outcome, those people can feel better today. But it also takes leadership on behalf of the neighborhoods as well to make some compromises, to agree that we do need more residents, but it has to be done in a balanced way and it takes staff to listen. So our conflicts as we go forward here are going to get more severe, not less severe, unless we learn this balance between listening to the neighborhoods and having staff with good, clear vision but willing to listen. And so we need this as we go forward. This gives hope to our city as well. So in conclusion, I would like to thank the planning staff, as well as gil kelly for coming in and helping heal this. I'd like to thank commissioner Hales for beginning this process and knowing the importance of good urban planning done in a balanced way. I think when the day is done, the mayor deserves a lot of credit on this one for helping heal some divisions here in our community that make us stronger as we proceed. Aye.

Hales: Congratulations and thanks. It's a good piece of work. Aye.

Saltzman: Well, not having been here at the outset of this process, i'm glad to be here at the end of this process. It was interesting we had a retreat yesterday and we were reviewing the service -- the annual poll our auditor takes of citizens about their feelings about things and one of the things that one of the points was highlighted was -- it said, citizens are not necessarily happy with the process that we often undertake here as a city. And I assume that meant maybe too much process. But they are happy with the outcome and they like the good planning that comes out of these processes, and this is probably clearly a prime egg maybe -- example where the process has been a long one and probably a frustrating one to many people, but I think it's produced a good product, and I want to thank staff for doing that as well as the staff that preceded you, but also the people of southwest who have been very patient and been very patient and persistent and have -- but also willing to work in the notion of coming to a consensus of what's best for the community and what will achieve overall goals for the city, but maintain the livability of southwest and what it is we all like about

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living in the city and in southwest in particular. So good work, everybody, and i'm glad to be here to say aye.

Sten: I'd also like to thank everyone, particularly the citizens advisory committee that worked long, long hard hours and all the citizens who weren't formally on the committee but became part of it. And of course the staff and all the folks in the planning bureau. This has gone on a very long time and commissioner Hales and mayor Katz, who shepherded this very well for many years now, I really think this is a very, very good piece of work, and I think it rises to the challenge of some of the changing demographics. We looked at how many people live in the units and how we need different units and affordable units. It doesn't do that at the cost of the environmental treasurers in the area. Not only does it not do it, it's our best effort to date to actually not just make -- not make things worse, but try to make things better this. Strategy will protect and hopefully enhance some of the streams and the other pieces I know you all care so deeply about. I think it's a lot of reason to be optimistic. It's getting to be the holiday season and I think this year we all need optimism, and this year it provides it. It was a rocky process, but all's well that ends well. Aye. [laughter]

Katz: Could have turned out to be mac beth. I don't really know where to start, but maybe some lessons learned. That we need to have faith and trust in our citizens, and that we don't always have all the answers, and that if we are going to solve some of the problems together as the community and one of them is trying to meet 2040 goals as a region, then there's nothing wrong by asking the community, where do you think we ought to go and what do you think we ought to do, and help us resolve this. The second lesson is that we were too involved at the start of all of this with numbers. And the mantra was, we have to meet the numbers. Well, that is no longer the mantra. We have met the numbers. We have in fact exceeded the metro goal numbers for ourselves. What we need to care about is what a neighborhood looks like and what the community looks like. And whether this increases the quality of life or doesn't. I think we've made some compromises, most of the suggestions were suggestions that came from the planning commission, and from the neighborhoods as well. We listened to the neighborhoods, we listened to the property owners, we sometimes listened to the planning commission, and we listened to the staff. But I think the biggest thank you comes to the two of you and your associates and your legion that worked with you. You were given an assignment to come in and save the southwest community plan, and you did it. And you did it because you're sensitive, you're intuitive, you're fair, and you have a good boss to let you do it. So thank you southwest community, thank you very much for staying with us. I think you lost a few people along the way, and maybe you ought to bring them all back and celebrate at some point, but you did yeoman's work. Aye. [gavel pounded] [applause] item 1349, and 1350.

Item 1349 and 1350.

Katz: All right. Come and tell us today what you want us to do.

Gil Kelley, Planning Director: Good morning, gil kelley, planning director, and with me is graham clark and barbara sack from the planning bureau. What we want to do today as opposed to december 5th is today we would like you to approve the action charts, which are part of your packet. We had also forwarded to you the policy statements. We would like to defer action on the policy statements until december 5th, when we come back with the detailed zoning code language, because they are very much in a -- interrelated and there's been a lot of back and forth over the last day or so on that, and we'd like rather than to get any direction from you today on that, we'd like to defer that the policy statement piece and come back with that on december 5th.

Katz: So you want us to delay 1350?

Kelley: Correct.

Katz: All right. And you want us to adopt the changes to the central city plan and to add the -- and to adopt the action items today.

Kelley: Just the action items.

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Katz: Just the action items. Okay. All right. Graham?

Graham Clark, Planning Bureau: Good morning. I've got a slide on this power point projector. It helps me to focus on what's ahead of us today and what we're coming back with on december 5th, so i'd just like to describe for you the agenda items 1350 and 1349 and then what we're going to do today after we dispose of those agenda items.

Hales: Ours is rolling, we can't focus very well.

Katz: Hit video and start about three times. It's fine now.

Hales: I'm impressed. Are you a video technician?

Clark: Could you set up my son's computer? The top item, agenda item 1350, is the ordinance. We have introduced a substitute ordinance for the ordinance we originally submitted in june. The reason we've done that is because a month ago you took action on an ordinance that implements south of salmon changes, so we needed to submit a substitute ordinance such that it reflects those changes made last month. That will be before you on december 5th. The second topic there, policy amendment request as gil just mentioned, we'd like to deal with those on december 5th as well.

Katz: Okay.

Clark: So the third item, zoning code and map, we had planned to bring back on december 5th and we're looking forward to bringing those to you in two weeks and sort of moving the west end off your rolling agenda. Before christmas. The second big item there, the resolution, agenda item 1349, today we'd like you to take action on the action items and the amendment requests to them. And on december 5th we will bring solely the regulation-related amendment requests. What we typically do is look to reflect council's decision on the regulation within those action items about regulation. So we'd -- we'll be sure about what should be in there on december 5th.

Katz: Okay. You are going to go -- you're going to go through the action items? Most of them everybody's basically had an agreement on them. There were some that you're recommending that we approve the language, but there may not have been necessarily consensus.

Clark: That's right. We have all action items on a consent agenda, you're likely to hear some testimony that asks for a couple of them to be pulled off the action agenda. The man who was up here just a few moments ago, mr. Firestone, represents tim ramos's firm. Tim was out of town and wasn't able to confirm for us whether the action items dealing with the blocks around --

Katz: Then why don't you tell us which action items we ought to pull off.

Barbara Sack, Planning Bureau: We've passed out a handout to you that shows the amended policies and action chart items.

Katz: There are pages on them, so tell us which page.

Sack: If you look at page number 11, the last page, the action items referred to the downtown development strategy, all of these items that have been submitted by either tim ramos or jordan schnitzer are the ones that they would not like to be considered as consent items.

Katz: I have a different page.

Sack: This is the -- this is the new handout. The last page.

Katz: Last page. All right.

*******:** So they're all in a group there.

Katz: Okay.

Sack: It says refer to downtown development strategy. Our recommendation on these actions was, there is a proposal being formulated to do a big development project in the area called the salmon street corridor, between park and 14th and salmon and main. These action items, with the exception of a-7, relate to that. We thought these actions would be best dealt with in the new downtown development strategy, as opposed to being placed in the west end action chart, because we felt the plans for this development had not quite gelled yet.

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Katz: If I recall going through these items, that's what you recommended to delay them and to work them into other work you're doing right now with the exception you said of a-7.

Sack: Yes. A-7 is another item, from the west end steering committee, another item wade like -- we'd like to refer to the downtown process. We're not saying these are bad ideas or they should not be considered, we just feel they're better considered in another process a little further down the road.

Katz: Okay.

Saltzman: This is the process we folded the mid-town park block --

Kelley: Correct. That's just what I was going to say. Last month you adopted a resolution that authorizes the west end segment to be incorporated into the midtown blocks development strategy.

Saltzman: Which is the downtown development strategy?

Clark: Yes. Correct.

Katz: Okay. So that's one request.

Clark: And there could be others. That's the one i've heard about.

Katz: Let's find out right now, because we'll pull them out and then we'll have the council actually identify how they want to deal with them. Anybody else in the audience wanting to pull off one of the consent items you may not agree with, or have questions about? I think we took -- we didn't take care of you?

*****: Actually, we -- our concern is mainly housing.

Katz: We'll -- we're going to have testimony, because this is new. But I just wanted to --

*****: We'll have testimony today?

Katz: Yes.

Sack: The action items we're asking you to consider are ones that have to do with projects and programs. They're not action items that are regulatory. We have been meeting with assistants from your office and also the other city bureaus and other organizations to try to get a consensus about the language of these action items. And -- an action agenda accompanies a policy in an area plan. It's the implementation agenda. It's a list of all the things that are going to help improve the district.

In this action chart, there are actions that relate to ongoing programs, a number of them are pdcs, and there's also a number of actions that have been submitted by other parties, the neighborhood association, the housing advocates, city commissioners that are also included in the action items. We have taken these actions better in addition -- that are in addition to the planning commission's recommendation and we have reviewed them with the implementers of those actions to make sure there is agreement about carrying them out. So we're talking about these items as consent items in as far as the agencies and other groups listed as implementers said that they are willing to carry out --

Katz: As well as work I think between some of our offices.

*****: Correct.

Katz: So with the exception of this one and we'll deal with them as consent items --

*****: I was just going to go over --

Katz: One second. Did you have an action item you wanted us to discuss? An action item? Which one? [inaudible]

Katz: Hold on. What page are you on?

Irwin Mandel, Resident: Page 6.

Sack: The action items that relate to regulation are going to be discussed next -- next session. Because what we list in the regulation section of the action chart are just the decisions that are made on changes to the zoning code and map. We don't talk about them as action items. We're only interested in the action items today that have to do with projects and programs.

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Saltzman: So the language of policy 22 is going to be discussed on the 5th.

Kelley: Correct. We 36 through 44 will be deferred to the 5th.

*******:** Correct.

Katz: All right. Let me just make sure everybody in the audience has their question answered so they don't have to panic. Go ahead.

Saltzman: I guess what Gil just said confused me. All these action items, we're not voting on these today, west end 1 through --

Clark: All of the ones on page 6 that have to do with regulation --

Kelley: Only 36 through 44 will be deferred.

Katz: And we're doing it on consent because we'd be here three hours.

Kelley: One other item I'd like to say, on this slide the final two items under discussion are two items we were asked to sort of do some research on and analyze and come back to you with answers. One of them out of the conversation a month ago was the definition of underdeveloped sites. We proposed a 1.5-1 floor area ratio for small buildings and parking lots. Commissioner Hales asked we analyze the impacts of a change to 2-1 for that definition and I can discard that at the -- describe that at the end today. There was a request we develop a concept for underground parking space bonus. So I'll speak about that as well at the end of the conversation.

Katz: Let us know what the implication of that is in light of our no net loss housing policy. Go ahead.

Sack: I was just going to -- I was just going to highlight a few of the actions that we're recommending to add to the west end action chart and the west end action chart is the one that the planning commission approved and recommended to you. The first action comes from commissioner Saltzman's office. It takes --

Katz: This is all in the report that we're going to vote on?

*******:** Yes.

*******:** Right. The amendments documents has our recommendations and then we passed out a summary of our --

Katz: Gotcha. All right.

Sack: We're just going over some of the lights.

Katz: This is highlights. All right.

Sack: This is highlights. So there's three actions we would like to add as projects to the west end action chart. And the first is establishing a Burnside Triangle Advisory Committee, which will participate in developing strategies to enhance the unique character of the Burnside Triangle area and support its continuation as a gay lesbian environment. The Bureau of Planning, PDC and Portland Office of Transportation are encouraging to consult with this group in the future in player planning and development efforts within the triangle. We have gotten agreement from the various bureaus on this item. PDOT particularly, who is doing a plan for Burnside Street said they would be glad to consult with this group once it's formed. So we're recommending this be added to the action chart. The second item is consider pedestrian and streetscape improvements to identify and promote the Burnside Triangle's unique character as part of the Burnside Transportation and Urban Design Plan. This is an ongoing effort. The planner in charge of this planning effort said that they would be glad to consult with the Burnside Triangle Advisory Group in their process of formulating this plan. The third item we'd like to add is explore establishing a new performing arts facility in the west end and the implementer is a group called B.O.D.S.. There's a group working with the opera, the symphony, ballet, and Portland Center Stage Theater that would like to cite -- site a large new performing arts facility in the west end. This is an ongoing effort and we'd like to see this in the action chart.

Hales: I've got one concern about the second one. In terms of policy and objective absolutely right, and perhaps -- I don't remember if the area is -- any of the area is in an urban renewal district,

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but we've got two implementers who have no money, and no -- none other. The only prospect by which pdot might make any improvements like this in the next five years is the formation of a local improvement district. That may be the way we ultimately do it, but they have one tool in their kit. I don't know again if pdc or any other agencies ought to be named, but if we want to get the work done, it might be nice to have somebody with some money on the list.

*****: It is in the existing urban renewal district, but I don't know that pdc was consulted on any particular expenditure.

*****: I believe this was an item that pdc did not wish to be listed on. All we're saying in this item is that in formulating this plan that, you know, the unique character of the burnside triangle westbound taken into consideration. It's really an item that relates to a plan, not a particular project.

Hales: I know it's not a budgetary decision, but i'm concerned about continuing to enable the expectation. The general city revenues are going to make improvements like this.

Katz: Or tax increment financing.

Hales: Fine. I'm just saying having implementers who are work or who never had any money in the first case, which is the case of the volunteer group there, is perhaps disingenuous and is certainly deceiving. Not -- in an ill usury sense. So if pdc says we don't want to be on the list, i'm perplexed by that given it is in an urban renewal district and it is a customary way to pay for this. We've got to face the fact we have two implementers who have no money. I don't think there's any reasonable prospect they'll do that.

Saltzman: I'm certainly comfortable with adding pdc, although I understand they were not comfortable with being added. I think what we're really looking for -- it's my understanding the burnside transportation and urban design plan is a process that is going on. What we're simply saying is these types of improvements be considered as part of that plan.

Katz: Fine, fine. And -- add them on. Add them on. Yeah, sure. Why not?

Saltzman: Add pdc?

Katz: Yeah.

Francesconi: I've got some things I want to add. [laughter]

Katz: I don't think they have the resources to do that, but maybe in the next five years it will rise to the top. And maybe pdc will finally get some resources that they can spend on these projects. I have a question on the explore establishment of the new performing arts facilities in the west. There is also possibility of, if we are going to do that on the east side. So i'm not going to change the language, but I would hope whoever is here from b.o.d.s. That they also consider the possibility on the east side if those things ever materialize.

Kelley: East side meaning east side of the river?

Katz: Yeah. But you don't need to change the language.

Saltzman: Pdc is added as an implementer as --

Katz: Yeah, sure.

Sack: On the second item?

Katz: Yes. Go ahead.

Sack: Elaine has been working on the b.o.d.s. Proposal. Here we have two new items that we would like to add to programs. The first item calls for developing and coordinating programs to prevent the deterioration of existing buildings and to rehabilitate or replace buildings that have been deteriorated in the west end. We're listing this action as an ongoing action. Pdc has a seismic loan program that helps carry this out. This is important when you have unreinforced buildings. A lot of buildings in the west end are historic landmarks, so preserving existing buildings and preventing their deterioration is important because it's a part of the city's history.

Katz: Keep going.

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Sack: The second item we'd like to add to programs is utilize existing business finance programs available in the south park blocks urban renewal area to preserve and support the west end's small, locally owned businesses, and consider strategies outlined in the June 2001 PSU study entitled, strengthening small businesses serving minority communities. PDC has a number of loan programs that small businesses can take advantage of. There's also been this study done by Portland State graduate students that we would like taken into consideration when administering funds to small businesses.

Katz: Sure.

Saltzman: Working with our urban university.

Katz: Sure. Go ahead.

Sack: Next, there was an action item that was requested by housing advocates that calls for identifying and adopting new and effective defensible regulatory requirements to implement the no net loss of affordable housing policy in the central city. I was informed by Mike that the housing manager's group does evaluate regulatory tools to promote affordable housing as part of its work. The time frame here is ongoing, but we wanted to put this in the central city plan housing policy because this reflects the new initiative that's been undertaken as, you know, parallel to this process to find a way of preventing any loss of affordable housing in the central city, and there's an implementation strategy being formulated.

Katz: Correct. Keep going.

Sack: The next items, these are items that you will probably hear some testimony on. These are the items that relate to the Salmon Street Corridor project and also there's a West Burnside Street action. We're proposing that these be referred to the downtown development strategy. It's not that we want to see these ideas -- we don't want to see them lost or discarded, we feel that's a better place, given the stage of development this project's in. Would you like me to go through each of these items?

Katz: No.

Sack: This is a continuation of the items, and the last item has to do with developing and implementing a strategy to improve West Burnside within the core area and conform the elements of the West End plan affecting West Burnside to the strategy. We feel this is something that's better put off until after the plan for the West End is decided. Next we have an action item that we would like to refer to the Burnside Triangle Advisory Committee. We figure this would be something that would be part of their work, and we have revised this action item. Underlines show our revisions. Consider to consider the desirability of officially recognizing and promoting the Burnside Triangle as a district that serves Portland's sexual minority community in the work to create the downtown development strategy. We feel this is something that -- this is a task that group being formed should undertake.

Katz: Go ahead. Do you need -- you need to assume we have read all these. And if the council felt that they didn't want to support any of them under the consent category, they would identify that. I haven't heard anything yet, but go ahead and continue quickly.

Sack: Okay. Lastly there's some requests that have been made by housing advocates that we would like to refer to the no net loss implementation strategy being formulated. These ideas were meant to apply to the West End, but we feel they should apply to the entire central city and be considered as part of that process. The first item has to do with developing and implementing linkage fees. The second item has to do with implementing a strong condominium conversion ordinance and the third item has to do with implementing inclusionary requirements in new developments. We feel that all three of these ideas are good ideas, but these really ought to be considered as part of the no net loss process. We feel these ideas are not as good as -- if they would just be confined to the West End. That's a small area to implement ideas like this.

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Sten: We have the implementation group on how to implement the no net loss policy working and are projecting coming back to council in January with a strategy. So I think that makes sense.

*******:** And that's --

Katz: Okay. Let's put the lights on. Does everybody understand? Let me ask the council, does the council have any consent items that you want to pull out for discussion? By your silence, I take it that all of the items in the recommendation that's were made by the planning staff is agreed to. Now -- did you have anything else? I want to hear some public testimony. Graham, did you want to deal with the two issues now? Did you want to -- because there may be some public testimony on that as well.

Clark: Yes.

Hales: Karla, could you go ahead and put the lights back up? Never mind.

Clark: A month ago we described for you and had a map that showed under developed sites, if you define under developed as 1.5-1 floor area ratio. We were looking for one-story buildings, some of those when we looked at them also included mezzanines and we didn't want one-story buildings with mezzanines kept out of the category. So just to review, the ratios, if you select 1.5-1 over this 15-block area of the district, four acres are about a third of the district area falls under the under developed category. Under the housing sites, it's just under a 5th of the district, and other sites. Those are buildings that are using -- that are occupied by commercial or institutional kinds of uses are just about a half of the district. On the map you'll notice we've got the blocks over the freeway, the i-405 freeway categorized as under development. That's the subject of an amendment request. I actually don't have those freeway blocks which end up about 4 1/2 blocks influencing those numbers on the right. So while the map shows those blocks as under developed, the numbers do not show those blocks as under developed.

Hales: Remind me what the effect of this designation is.

Clark: The under developed sites would have the most flexible opportunities for redevelopment that would include up to 100% retail sales and service and would include some institutional categories as well.

Katz: By increasing it you would probably reduce housing?

Clark: I think that's safe to say. Could you well be reducing housing potential, although as each of you knows, residential buildings can be built in our commercial zones.

Hales: We're not reducing housing potential.

Clark: Housing potential is what I meant.

Hales: You may get housing, you may not.

Clark: Exactly.

Hales: All right. That's true with -- so what's the numerical effect of switching from 1.5 to 2? Do we know that?

Clark: That's on the next slide. What I show there are the sites that would be added if we go from 1.5 to 2. They've got the red stars.

Katz: What do they have there now?

Clark: They tend to be two-story buildings or just right around the two-story buildings. I can describe a couple of them if that happens helps.

Hales: That would help.

Clark: At the north end of the area at the corner of 13th and Stark there's a bookstore. On the east side of the intersection there, it's a two-story bookstore with a mezzanine. I'm sorry, one-story bookstore. Next to that is almost a garage facility that's right adjacent to Jake's. Across the street on the west side of the intersection is a building that has been a tavern or a pub in the past and I think now is used as flexible office space. Moving farther south at the corner of 13th and Alder

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there is a house that -- the Julia West house operated by the first Presbyterian church and a surface parking lot. To the east there is what is today a cleaners facility, two stories.

Hales: Parking on the second floor?

Clark: No. That happens at the building just the other side of the intersection, the other starred building.

Hales: Okay.

Clark: And then as you move farther south, the intersection of 12th and Yamhill, there is Unger's, which I believe is a fur coat shop. And further south and west up against the freeway, just south of the photo art studio is another small I believe it's a photographic studio as well, one story. The net effect of the change is to add another acre to the sites that qualify as under developed and have sort of more options as redevelopment proceeds. What you end up with then is approximately the same amount of the district in the under developed category as in the operating buildings with commercial or institutional uses, so about 40% each and of course the housing sites do not change with the change, so they remain about 20%.

Kelley: Just tying -- Commissioner Hales, your question back to the overall goals of the district, the under developed site category, we'd allow to go 100% office. The housing sites or the existing predominantly low-income housing sites that would call for the highest level of protection and then the last category on this slide is shown as 40% of the area is the one where the most dispute has been about where we want to encourage infill development and redevelopment of existing sites with a preference toward residential use but not exclusively. And that's where the conditional use process would apply to redevelopment.

Hales: So based on that effect of this option, which one do you think we should take?

Clark: I believe the previous slide at 1.5 gives you about a third of the sites as under developed. And I think that it being a residential zone, that we are -- that we do well to retain the 1.5-1 ratio. It means that you don't have a majority of the parcels having those almost central commercial kinds of uses allowed outright. So I think that on balance that's the approach that I recommend.

Hales: I'm not going to push this too far, but given what you just told us about the buildings, again, I'm not interested in participating in a planning process that results in no change. I think it's fairly unlikely that someone is going to tear down a commercial building with parking and replace it with housing. So let's get real here. If the objective is to get rid of the parking and surface parking and get a mixture of uses into the district, why do you think we should hang on 1.5? Leave the numbers aside, I'm particularly interested in what you just did. Let's look at the real sites and how they're affected. Who is going to tear down a cleaners with parking over to it build housing when they can't even make it pencil on a surface parking lot?

Clark: My understanding, since you mentioned the cleaners, is that there is a proposal, or at least some thinking about that property as housing in the future, and --

Hales: There's not much doing, but there's a lot of thinking.

Clark: I know -- I've heard through the folks that I hear from that there may be a proposal for that on that site. I know there's a lot of proposals in the west end. Largely in the past most of those have been south of Salmon. When I heard about this one north of Salmon, it perked up my ears because that's the area where we don't hear a lot of transactions and discussion about new housing projects actually hitting the ground.

Francesconi: Gil, could you -- I hate to put you -- disagree with your staff necessarily, but could you answer Commissioner Hales' point about what's your opinion, and add to it, did this come up in the discussions of the committee and what -- did the committee weigh in on this? What's your personal opinion and what was the opinion of the committee on this issue?

Kelley: I'm not sure about your reference to the committee. The west end steering committee, for example, hasn't met for a long time, so in our discussions --

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Francesconi: The committee you convened.

Kelley: The discussion group we --

Katz: Talk into the mike, gil.

Kelley: Excuse me. The discussion group we convened was okay on the 1.5. We hadn't really specifically looked at this number since commissioner Hales raised it. I don't know that there's a new decision or consensus coming out of that group since we didn't reconvene on this particular topic.

Katz: What's your feeling about it?

Kelley: I guess this -- it's hard to disaggregate this decision from the zoning code decisions that you'll be making when we return. And I guess my preference would be to take this under consideration until that time, because I think it all ends up being sort of what levers you push and pull to get a different set of uses. And while I agree on the surface with commissioner Hales that given most of these buildings are in that use, it may not be a huge sacrifice, but I'd like to look at it in the context of the other rules that we're putting forward.

Francesconi: Let's do that.

Hales: That's fine. I don't know which one of these is right, but we've got to get to the reality here that this district has a lot of existing low grade, sorry, don't mean to -- that to sound pejorative, economic uses, and getting over that hump to do anything is difficult.

Katz: Let's fold that into the conversation, the zoning conversation. What was the other issue?

Clark: The other issue is the underground parking concept. I have a handout. I think many of you may have it already. It was distributed earlier. Karla has some copies here. The concept as it's been proposed a couple of different times and most recently a month ago, was that a new parking space bonus be awarded to redevelopment of surface parking lots. So I'm going to back up and on the slide here I just wanted to list what the planning commission already recommends, and how this new concept might work with that. The planning commission in its may document, it recommended a change to the central city transportation management plan for undedicated general parking spaces. You'll remember that the planning commission was eager to encourage redevelopment of surface parking lots. It believed strongly that was one of the keys to redevelopment and vitality in the west end. So that first bullet point, that was the planning commission proposal that today's spaces on surface parking lots under today's regulation as those spaces are redeveloped, they are added to what's called the preservation parking reserve, and those spaces can be the rights to those spaces can be gained by any redevelopment anywhere in the central city, the downtown core that agrees to build preservation spaces. Those are the ones that are leased over a fairly long-term basis to area buildings. Let me go into the matrix, because maybe that's the best way to describe it. Before I do that, let me also say that the other planning commission recommendation was already to award a ratio bonus option for underground parking. Those developments that build all their parking underground gain a floor area ratio bonus, a square footage bonus. The difference between that bonus -- by the way, you did adopt that bonus for the south of salmon area a month ago -- the difference between that bonus and the bonus that's been proposed is that while the bonus I've just documented is for floor area space, the bonus proposed is for parking spaces. So different items. As I move into the matrix, then, today the preservation pool in the west end, there are 2,000 spaces that as they are redeveloped, get moved from their undedicated general flexible profitable status to the preservation pool for anybody who wishes to build preservation parking. The planning commission, the sort of functional end of their proposal was that those 2,000 spaces are split into two different categories. The planning commission said you can have up to 750 of those undedicated general spaces in the west end, you may retain their status as undedicated general, and you may consolidate them into a structure. That structure you may never use more than 250 of those spaces out of this pool for any single structure. So they wanted to make sure we don't get

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some great big structures of the size of about the morrison park west, which is 800 spaces. So they said no more than 250 at once, that guarantees out of this program, if it's used, at least three structures and maybe more. What remains in the preservation parking pool is 1250 spaces for the west end. The second line there, the parking bonus consent that now we're speaking about, would work in concert with the planning commission's recommendation for these consolidated spaces. The parking bonus concept would split the remaining 1250 out of the preservation pool into two different categories. And the idea here is that when a parcel gets redeveloped, those spaces may be rebuilt underground as underground -- undedicated general parking spaces, and that sort of as an incentive to that kind of behavior, those spaces -- the rights to those spaces can be multiplied by 1.5. So as an example, let's pretend that block 2, 16, north of the galleria, is redeveloped with a residential building that. Block has about 200 spaces on it. Those could be reallocated beneath the new development as undedicated general spaces. Those 200 spaces when you multiply them by 1 1/2 you get an additional 100 for a total of 300 spaces. So you are getting a new building on block 216, which is I think a -- what a lot of people have talked about, you get the rights to those undedicated general spaces down under that building -- one of the complications is that along with those 300 spaces beneath the building the building is almost certainly going to build its own spaces for its own residents or tenants. So you could get those 300 spaces, you could also get the growth parking. The growth parking could be allowed above the surface under the way we've sketched this concept. It doesn't have to be. It is a concept and is here for discussion.

Saltzman: The growth park assisting what?

Clark: Tied to the new floor area of any new building. So on the one hand you've got spaces you're replacing that were on the lot in the first place. The growth parking is a separate category and that is if you build 100,000 square feet of new building if it's -- you get .7 spaces per thousand.

Hales: The question is, is this bonus good enough to get people to finally do it? I think it might be. I'm a little concerned about this last ingredient. Maybe it's just another one of these things we get concerned about abstractly, an architect needs to tell us if they're likely to design a building where they would go above ground and also above ground.

*****: I think probably not.

Hales: You've got too much ramp space to go both ways. They're either going to go down or up.

Clark: My understanding is the fox tower was originally designed to do that. And it was changed.

Hales: It did. So we need some testimony on that. But the question is, is this good enough to get people to finally do what up to now they've told us is uneconomic, and I think the combination of floor area bonus and parking bonus might be enough.

Francesconi: I have a procedural issue here. This is good discussion, so you see some of us are struggling to understand this. But there isn't -- I think we're getting there, but there isn't a pro and con, and then the practical effect and the effect in front of us so we can make an informed decision up here. Nor do we know the practical effect of what we're doing, nor do we know the downside of what we're doing. This isn't exactly the right way to make policy. So my suggestion would be, could you bring this back with the pros and cons and the answers from people who actually do parking? Is this what -- what do they think about it.

Clark: It's my understanding there are people in the audience that are ready to give their first response.

Katz: Let me ask a question. Does this work differently if you have a developer who currently has a parking lot versus somebody who doesn't have a parking lot? Is this an incentive for them to do underground parking?

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Clark: The way the planning commissions concept and this new concept is sketched is that you have to have control of those parking spaces first before you can reallocate them either into an above-ground structure or into the underground into this process. So unless you have the control of those undedicated general spaces in the first place, that's the only way you're going to get to use it.

Katz: Okay. All right.

Clark: One other -- we had talked about coming back on the 5th of december. My concern about that is having something out on the street for people to look at enough ahead of time that you're going to have a meaningful hearing. We've asked the council clerk what other options exist in december for a hearing instead of the 5th, which would be pushing all of us, I think. We have an internal graft graham has created, but it needs additional work and i'm nervous with the holiday people are going to be on the 5th saying we haven't had enough time to look this over. This doesn't appear to be any other council date in december, except the 27th, which is probably not a great day for people. So i'd ask you to consider an alternative date of january 10th for the hearing. I'd -- I say that reluctantly because we wanted to get it done in this calendar year, but i'm nervous about having the hearing on the 5th 0 a fairly detailed piece of zoning code and not having a lot of people --

Katz: Is that all right can the -- with the council? Fine. Keep working on other things, though. [laughter] all right. Everybody understands what we're voting on? So sir, we're not even going to be dealing with your issues, but you're here, you want to testify, we'd love to hear -- we'd love to hear from you anyway. Briefly. Very briefly. But wait, you've got to have your name called. Who do we have to testify?

Gary Firestone, Ramis Crew Corrigan & Bachrach, Attorney. 1727 NW Hoyt, 97209: Jerry firestone. Very briefly, just want to confirm that our request is to ask that the action items submitted or recommended by tim ramos or jordan schnitzer not be referred to the downtown development strategy, but be considered at the next meeting of the council, which other west end issues are to be discussed. It was our understanding that staff concurred with putting this off until the next meeting. Although staff may still take the position that they wanted -- still wanted to refer to downtown development strategy, we believe these are things that are properly considered as part of the west end process and are the types of things that can be considered and included as action items now.

Katz: Thank you.

*****: We came --

Katz: Come to the microphone.

*****: Would you like me to sit -- we are responding to --

Katz: Identify yourself.

Corinne Paulson, League of Women Voters, 10th and Morrison: League of women voters of Portland. Corrine. We came with specific things to the alternative plan that you were scheduled to review. And we will follow the process and be back december or january when you're ready. And - - rather than -- because there were things that they put up there that we were to speak to which I think may have -- be changed between now and when you finally react to this.

Katz: This is maybe a good time to ask you a question. When things change this quickly, then are you testifying on behalf of the position taken by the league? How do they get through all of that process to give you that --

Paulson: Well, we have planning positions, and we have positions on affordable housing, and all of that. So we don't have to go back and ask our membership every time we speak. They trust us.

Katz: All right. Just asked the question.

*****: Thank you very much.

Irwin Mandel, Resident: Morning, mayor Katz, members of the council. Irwin Mandel, west end resident. I have a comment on two items, but all within three minutes may be a little difficult. The

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item of the performing arts building in the west end sounds great and would make a nice neighborhood. But you know it takes a plan, and there is little enough land now for housing, both low-income, moderate income, upper income housing, to think about taking up a fair chunk of land to have a decent performing arts center move into the west end I think raises problems. I think the council ought to be careful about this issue. Meanwhile, let me get back to my first and true love, parking. I have another suggestion about in -- providing incentives for underground parking. Commissioner Hales, take a deep breath. This one you may not like quite so much. As an additional incentive --

Katz: This is on top and above this one?

*****: Yep.

Katz: Okay.

Mandel: Something new. I'm sorry it took me a while to come up with it, but i've been occupied since the last meeting getting a new hip, and i've just been four weeks yesterday post-op. So I haven't had much chance to concentrate on this until the weekend.

Katz: So you are going to be even more feisty.

Mandel: Absolutely: I was only limpingly feisty before. An additional incentive for putting parking underground. How about a full or even partial abatement or waiving of the transportation system development charge for those people that convert surface parking lots to underground parking? The charge can be waived for all or a portion of the underground parking that is there. Perhaps -- and work it in not -- my view was these things should not be either/or, all three of the issues. Floor area ratio bonus, 1.5-1 additional parking space bonus, and perhaps a waiver or partial waiver, you know, only -- leave it up to the experts, of the transportation system development charge for putting it underground.

Hales: Actually I like that idea.

Mandel: Oh, good. I thought perhaps you wouldn't want to system development charge, which I realize the transportation is very necessary.

Hales: True.

Mandel: Okay. Now, if you do this, if we have all three of these, you have what I would call three very juicy carrots to help a property owner do the right thing and put the parking underground and consider the general well being of the city not just the west end residents, but the city in general. If property owners are extremely recalcitrant about doing the right thing, then it can be time to use the stick. And you people do have the stick, because all of these surface parking lots are under a conditional renewal process. And you know, you can say no. We will not renew your right to have this property. I realize the political dynamite that's out here.

Hales: Actually, let me interrupt you. They're not. They're nonconforming uses. They get to go on until somebody proposes something different. Just like a billboard.

Mandel: Oh, i'm sorry.

Hales: Nobody has to come in for a permit.

Katz: The policy issue that are described as the same one that danielle drew on a piece of paper at the end of the session that we had yesterday in terms of what does the city have, what tools does the city have to make things work better for the city, and one of them is the regulatory tool.

Hales: We don't have that--

Katz: And police power.

Hales: We don't have the tool to require people with nonconforming uses to come in to get a permit to continue it. I don't believe we have that tool. If we do, that's news to me.

Mandel: Don't look at me.

Hales: I was looking at gil over your shoulder.

Katz: We'll come back with an analysis of this added wrinkle.

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Hales: I like his idea.

Mandel: Okay, fine. Now --

Katz: And the stick too.

Mandel: Yes. As a professional --

Katz: Have you another minute. Because we interrupted you.

Mandel: Professionally, in my profession, exprofession, we always find that positive reinforcement is much more effective in changing behavior than negative consequences punishment. So first let -- I would suggest you consider the positive aspects of it. All three of the bonus provisions -- two bonus provisions and possibly the alleviation of the charges to help it. But you do have the power somewhere to have a negative issue if things don't go as they should. If nobody does the right thing. Clearly no bonus incentives or anything, alleviation of charges, can come into effect unless all parking goes underground. Prohibit podium parking if -- my suggestion is, even one floor of surface or above-ground parking is planned, then it whips out any opportunity to have either the bonus provision or alleviation of the charge. We may not get agreement on that one, of course. That's a suggestion. In the amendment, there was a suggestion that this issue be referred to a revision of the cctmp. Well, commissioner Hales has suggested that an the 2,000 -- 2003 fiscal year revision may not take place. It takes money to do it, funds aren't there. So there goes fiscal 2003. 2004 is questionable, I would think. So perhaps the revision won't even start taking place until fiscal 2005. Now, this is a 200-page dense document. I have a copy of it with me. I just looked at it coming up here. The cctmp is 200 pages long, dense. I've tried to read through it many times. I have nodded off in the middle of it many times. It's not exactly enthralling reading. If you're going to wait at least four or five years to start this revision of this document, it's going to take another two years at least I would think, for this revision to take place, and only when the revision has taken place can you then consider these issues. I would suggest if you're going to refer this to some place other than doing it immediately here, that it not be referred to the cctmp revision, but perhaps become part of the downtown development strategy. Other than that, if you have any other questions --

Katz: Graham, you got that note?

*****: Thank you.

Katz: Let's continue.

Kathy Bambeck, Resident: I'm cathy, I live in southwest, 5131 southwest 38th place. I'm here to talk about the burnside triangle. I'm not sure if i'm in the right hearing or the right place, but it's like super bowl for me. Southwest community plan has been done and here I am talking about a little project that i've been looking forward to for a while. Recently I was in berlin, germany. I was on a tour bus and I heard on my english language head phone that if I saw a rainbow colors, that meant I would be in a gay or lesbian business establishment or district, and was I ever surprised that the next day I was on a subway train and I saw rainbow colors on a subway station. Wow, you know, people here were accepting, accepting to a point they put the rainbow out there to tell me where I was accepted. And I thought, how wonderful this would be in Portland for some of the people that I met when I was several years ago alone at the fish gallery eating dinner and somebody came in and said he was from out of town and the visitors bureau, when he asked where the gay establishments were sent him to the fish gallery and it was the most expensive restaurant he'd been in across the country. And he said that they would know where he could go to get a meal, and he was a gay man and wanted to be with his friends, with people he could identify with. And I said, this is stark street and along here there are some places, and I tried to tell him because I was a woman I didn't know where the men's places were, and it would be so nice to have a district, an area that was identified with the rainbow flags. And there are a few places now that I see that have rainbow flags there, but I think that having an area that the visitors bureau could say in their pamphlets, in their buses, in

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their visitors things say, look for the rainbow flags as other cities do, this is it. And I think it would be nice too if we had, like i've seen in other cities, I travel alone across the country as well as in europe, I see little rainbows on the bus stops, and I see little rainbows on the -- they have max trains all over europe and I see them on the max stops and you can tell this is where you get off the train. I think it would be kind of nice in a small city like Portland to have a designation for a -- especially for visitors. And that's why i'm here today, because I think this would be a good thing for Portland. Even though some of the people who live here might be embarrassed by it, I feel it would be a good thing.

Katz: Thank you. This is a great issue to discuss. I hope that the group that is established really tackles this issue, because somebody could say that we would hope that the entire city of Portland is one that would be acceptant of gay, lesbian, and transgender citizens and tourists. But I -- from your perspective, you might see it a little bit differently, and I think that's worth a conversation with people to discuss that.

*****: Thank you.

Katz: Okay. Sir?

Jacob Brostoff, 831 SW Vista #104, 97205: Thank you, mayor Katz, and commissioners. I think she said a lot of what i've been thinking for a while. Thank you for that. I guess I have a couple of very brief points to make. One is that I think some of the action items are getting at the issue of rehabilitating and preserving buildings that provide small retail space for small businesses in the district, especially small retail space that has visible storefronts, large windows, that sort of thing, and some of the psu study talks about the importance of that kind of space as an ecological niche for locally grown small businesses. I share commissioner Hales's concerns regarding the under utilization of some space in some of the built-in environment of the district, but I would ask the council to please be mindful of the importance of continuing -- ensuring that small retail space continues to be developed in the district. I think there are ways to get at that in some of the proposed development standards and some of the zoning proposals, but I think it's important to ensure the district continues to grow that kind of space so it continues to be a place where small businesses can survive and thrive as it's been in the past. The other thing I would say that mayor Katz's last comment, maybe think -- made me think of, as my experience as a Portlander, generally the entire city is an accepting and tolerant place for queer people, and that's part of why I enjoy living here as a queer man. But I think it's also important that neighborhoods of special importance to parts of the queer community or the entire queer community be recognized and celebrated for that importance. And I think one of the action items that you all heard about today gets to that, and I was gratified to see that up there. But I think there's an important distinction between having a tolerant and accepting environment and celebrating a community's history and continuing to encourage that history to develop. So I -- it's my feeling that you don't have to make a choice between those things and it's my hope Portland will continue to have both of those things, because that's part of what I like about living here.

Katz: Thank you.

Saltzman: I'd like to say to both jacob and kathy, and jacob you know this, it's going to take a lot of effort just to get a burnside triangle advisory group formed and -- triangle group formed and sustained, cathy, I know you have a lot of time on your hands, having retired from the city, but I hope you will devote some energy to this. Jacob, I know you will, we need to get that group up and running and we need to have it be sustainable as well.

Brostoff: I would like to thank the commission for -- the council for their support of the discussion of these issues. I know it's not always an easy thing and I know in a lot of other places it's not the kind of thing that elected officials like to talk about in public very much, so it's very -- without being visibly overwhelmed with emotion, i'm getting all sappy, it's really very touching to me to

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have elected leadership be willing to talk about this and being supportive of fostering this kind of dialogue in the community. It really means a lot to me as a person as well as a citizen of Portland and someone who is sitting -- sitting here lobbying the city council for this sort of thing. Thank you very much for that.

Katz: Thank you.

*****: I haven't said that either yet or enough in this process.

Katz: You're more than welcome. It's an easy thing for the council to do, but it is -- it would be a very interesting topic discussion about what we just went through. Okay. Thanks.

Greg Goodman, Cochair West End Steering Committee: Good morning. My name is Greg Goodman, I'm cochair of the West End Steering Committee with Michael Powell. I'm actually here because -- up here because I was unaware of proper etiquette when you guys pulled the policy stuff off I really didn't have that much to say, but I didn't want to have my name called and not show. So anyway, I -- we appreciate your pulling the policy issue, the policy item off. There are some disagreements. We hope that we're going to be able, to while there's been a lot of compromise, we're going to be able to work through witness Gil, Graham, and the rest of the planning department.

It very important I think it was talked about a little earlier, we've talked to a certain extent about the mixed use character of the area and that by definition is really important, because some of the compromises were brought forward have -- had to do with the 1.5, the conditional use permit process and so on. And so the language that is in the policy statement is very important to everybody. So there's some definition to the future. So we're comfortable as a group that we're going to be able to get there, and we appreciate you're giving us more time to do so. Thank you.

Hales: While you're in the neighborhood, you want to react now or later or both about this additional parking space bonus, or these parking space bonus conceptions that have been discussed, the additional -- addition -- the bonus spaces and then the other possibly SDC break?

Goodman: Well, with the SDC, I'm actually -- I'm not familiar with -- familiar what that charge is. I am a believer in incentives. So as a -- as opposed to punitive measures. So anything that you can do to incentivize within reason is a positive. With regards to the 1.5 -- the bonus of half a parking stall, I'd actually somewhat like to reserve judgment. I just saw that yesterday. I can't see where via problem with that at this point.

Hales: The question not whether you have a problem with it, I wouldn't expect you'd have a problem with it. The question is, is it good enough? To provoke people to make that expensive investment in underground parking? That's -- and that's -- I realize that's not -- we're not asking you to make an irrevocable commitment.

Goodman: You have to be able to look at what you're going to be able to do on top of it. Parking, if you say standalone to build 1.5 times below as opposed to one, we're going to lose that much more money. Because you can't make sense of the economics of underground parking. The first Presbyterian church is spending \$40,000 a stall that their performance for underground parking. However, if you had something on top of it that gave you -- that allowed you to lease an office building quicker or get -- you might be able to make it upstairs. So I think it's certainly something worth looking at. Whether it's going to be the difference, I can't tell you. I think right now for underground parking, if you even taking the -- especially in the West End, which is somewhat dormant, it's going to take a while to be -- I hate to say it while I think it's a good idea, I think that there might be some subsidies required initially possibly. In the function after mature market you might look at it differently, as obviously office buildings do down in this area when they build their parking underground, like Pac West.

Katz: Okay.

Hales: Thing about it some more if you can.

*****: Absolutely.

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Hales: The truth is, were you asking us before, jim, we have this conceit when we do planning that we can figure it all out in advance. The truth is, we can't, and the best demonstration of that is the various things we've tried with floor area ratios for public art or bike parking or everything else. We've ought to go ahead and admit it, the way we figure out which of these policies works is trial and error. And we finally hit one with the bike parking bonus that was good enough that it's actually showed up in the marketplace a few times in terms of developer behavior. And we didn't have any better foreknowledge that that was going to work than we did on any of the others. So i'm -- fdr said, above all, try something. I think that's what we need to do with this issue. This combination of what mr. Mandel just proposed and what we already have on the table might be enough, but we won't find out until it's been in place for a couple years, and we'll find out we were too stingy, or that we finally got it generous enough that after a couple of projects that we subsidized, because I think you're right, that's how we're getting underground parking now in the west end and in the brewery blocks, but after a couple of projects, it might be a good enough incentive the next two or three private projects would actually use it. We won't find that out for five years in a good market.

Francesconi: I don't want to belabor this. I agree. We've got to try some things. I was just looking for an educated guess with a two-week period as opposed to a shot in the dark.

Katz: Thank you, everybody. Thank you.

Lili Mandel: Lili mandel, 1511 southwest park avenue. I was really not going to say anything, but i'm the stick. We -- I remember last time I was here former chief planner michael harrison said that the surface parking lots are conditional and are renewable every three years. Now, this is what I heard, because if you remember last time, I got up and I said that if they don't want to do it nicely and accept some of the lovely carrots, there is something we can do. So I don't -- that was my understanding of that.

Hales: I think you misheard.

Mandel: I was very -- before I got up last time to speak on the topic, I had just spoken to him. That's why I knew about saying that. Otherwise, I -- i'm not any expert. My husband told me not to say this.

Mandel: She always listens.

Mandel: I guess I am still an idealist, and sometimes say what perhaps is not the right thing to say, but I feel should be. Talking about a gay district, the mayor touched upon it. I don't feel that I have -- I have said this before over and over. That becomes another ghetto. And I think there is a place for all of us, including gays or whatever they -- anybody wants to follow. And then designating it, then starts ghettoization. And in an ideal world, we all belong. And that is really what I would like to see the west end -- that's my dream of it not being any one thing. All these are part of it. But not any -- picking it out. This is not ideal to me if you have to do this. Gay people should be able to live, work, play, anywhere they wish to. Not in any designated ghetto. So i've said it, irwin, and --

Katz: This i'm sure will be a conversation with the steering committee, because it's one that ought to be had.

Mandel: Yes. I mean, it's not a popular thing. It would have been nicer to say, I think it's terrific, wonderful, look how wonderful we are and progressive. I don't think it's progressive.

Katz: Okay. Thank you.

Moore: That's all who signed up.

Katz: Anybody else who wants to testify?

Tom O'Keefe, United Community Action Network: Tom o'keefe, united community action network. When it comes to parking, you throw -- when it comes to parking, you throw the words out subsidy and carrots, my main concern is tax abatements. Every time you give an abatement out

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you not only fake money away from city coffers, you take it away from city and the schools. Other people that are losing the money too should be well aware of this. It's a concern of mine in these urban renewal areas when you use the abatement to increase affordable housing where a developer will put in so many units, I hope those units are never counted in the permanent pool of the 1200 units that will always be available. Because as you well know, at the end of that abatement when that ten-year abatement runs out of capital improvement tax exemption, those units are going to disappear. They're going to go up to fair market value, but those units that are ever used in the abatement process are never counted within the 1200 pool. Thanks.

Katz: Thank you.

Francesconi: Tom, you're right. If the abatement is not necessary to actually spur the development. But if the abatement is necessary to actually spur the development, then the opposite happens, because then you trigger the development which actually then contributes to schools and parks, et cetera.

*******:** Correct. And I agree with that. But to count that -- those units within the 1200 pool makes no sense, because those units will disappear at the end of the abatement and they'll go up to fair market value. If you're looking at some of the exemptions with the past, that will prove itself out. And also the standard that you use by requiring 5% of the units, where the federal government would require 10%, I think there's some discussion that needs to take place to make sure that 1200 is preserved forever, and part of them don't disappear within the end of the abatement period.

Katz: Thank you. All right. Graham and team, come on up. Just in case -- are there any questions? So what we are going to vote on right now are all the action items that are before us.

Sack: Related to programs and projects.

Katz: Related to programs and projects, not policy.

Francesconi:

*******:** Correct.

Francesconi: I have a request. I was going to do it during closing instead of a big thing. What i'm more interested in, on the housing affordability questions and tools, commissioner Sten described it, there's a process by which that's coming back to council in january. And I think it's going to be a work session. I hope it's a work session, because we need some discussion on those items. I guess on the development strategy, what i'm more interested in frankly than a list of action items, which is in front of us, i'm more interested in a work session about, what happens next actually to make some things happen, or to prepare for when the upturn happens in the economy so we're actually ready to move on some things. So I would like to have a work session where we talk about the retail strategy when it's ready. I don't know the timing. You need to talk with pdc. As soon as the retail strategy work -- we need a work session there, then we need to talk about the public space planning that -- with parks and then we need to talk about this development strategy. So i'm more interested in that dined of conversation where we have -- hear about how we're going to prioritize actions as opposed to lists, charts that may or may not happen for the foreseeable future. So we have kind of a plan so we don't wait -- so when the upturn starts to happen, we're ready to move. That's what i'm interested in.

Kelley: That makes a lot of sense. We'll stead you'll a -- schedule a work session. We're rating for the retail strategy piece of it. I don't recall the exact schedule, it's been shifted. Do you know --

Clark: I know they had their first committee meeting last week. They're looking to be complete early in march.

Francesconi: Okay.

Kelley: Around that time or maybe in april we'll come in and --

Francesconi: And you can be thinking about the implementation steps right behind that.

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Kelley: That max makes a lot of sense. We can also respond on a couple of the things that came up during testimony, but -- if you --

Francesconi: I think that was a no.

*****: If you prefer to vote on the actions first, we can maybe speak to a couple of things --

Katz: Let's -- my preference would be that we deal with this action item, then I think -- I missed commissioner Francesconi's comment, but commissioner Hales then raised the issue of cctmp and how long that's going to take to do some of the things, and how we want to handle that.

Kelley: Do you want us to address those questions before we vote on the action charts?

Katz: Yeah.

*****: Okay.

Kelley: Let me give you our take on a couple things while steve is coming up. On the parking incentives notion that was tossed out, we'd be happy to explore the feasibility of adding the notion of the sdc waiver or reduction, maybe a reduction on a graduated basis or something, but looking at that with architects and develops to see if that would make sense. I'm guessing grant was re -- graham was reluctant to put that forward without having concurrence from pdot. So steve may want to speak to that piece too, but I think it is important to look for the right combination of things. We have a hunch that they might work and try it out. Perhaps steve can also speak to the nonconforming nature of the park -- existing surface parking lots in the west end. My understanding is that some of them are conditionally permitted and others are not. But that the renewal of the conditional uses does not allow us the opportunity to impose new requirements or conditions.

Hales: They do have to come in but we don't --

*****: I think it's a consistency requirement there.

Hales: I don't understand that.

*****: In the downtown area, there are two types of surface lots. Those that preexisted the downtown circulation policy adopted in 1965, so those surface lots that preexisted are grand fathered in. Those that occurred after the adoption of the downtown parking circulation policy went through some kind of land use review. At that time I think it required a three-year renewal. There are -- it was a happen ha ever hazard process --

Hales: At that time, meaning 1980?

*****: From the late 1970s through the adoption of the cctmp in 1995, when the cctmp was adopted we rolled all of the surface lots that were subject to a cu review as well as there were some lots subject to revocable permit, we rolled them all into a five-year cu review process. And in the west end, most of the surface lots are grand fathered or preexisting to the downtown parking circulation. Most of the -- we had some odd situations like the nordstrom lot, for example, where laugh the lot is subject to cu review, the other half is not, because it preexisted and there was like a building there that was demolished. Those kinds of circumstances. Those kind of combination that's existed. So it's somewhat complicated because of that.

Hales: But help us out some more, because this is news to me. So these now come in every five years for renewal of their cu, they're required to do that?

*****: Right. Those surface lots that are originally approved through the land use approval process.

Hales: That's 10%, 50%? Guesstimate. [inaudible] so a small percentage. And does the city have the discretion to say, we don't think so, sorry, you don't get to keep your lot anymore?

*****: Through -- my recollection, as long as they are meeting to -- the condition of their approval, which is the landscape requirement provisions of carpool, it's a fairly simple --

Hales: Okay.

Katz: Okay. Thank you, steve. All of that --

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Hales: That settles this question, I think. It's not -- we do not have the ability to simply say, sorry, you don't get to keep your lot. Now, the question for me, practicality and policy, when do we make this change? If the council says we want to try this, do we do it now or wait until the distant and elusive day when we finally revise this document that three people understand, all three are here in the room, you qualify now, it used to be two, now it's three.

Katz: I would say we'll do it now.

Hales: I'd rather do it now too. I'm not sure how long the update is going to take and how many buildings are going to get built while we're waiting.

Katz: Work out the details on this and so something that you present to us is -- is somewhat fair, but doable so we get some results. And let's see what you've got. And let's do it now.

Hales: Yeah. I agree.

Katz: Is that everybody -- does everybody agree?

Hales: I think we talked about this before. This is going to make people even more nervous, but irwin's already done that a couple times, so I get to do it once. Didn't we talk about applying this policy, whatever bonus provision we come up with, central citywide, instead of just in the west end? In other words, if it's a good idea, and we want to --

Katz: We did talk about that.

Hales: The conversion of surface parking lots, why limit ourselves to the west end if it is a better mousetrap? While we're in the code, I --

Kelley: I think we're on pretty safe ground, because we're talking about an incentive, not a requirement.

Katz: Right.

Hales: We'll have to notice people to give them an incentive that they can use or -- choose to use or not.

Hales: Fit looks like something to try, my recommendation is try it in the central city and maybe one or two or three place that's it will get use and we'll find out whether it's a keeper or not.

Katz: Good idea. Is everybody in agreement with everything that's before us? The recommendations of the planning staff? Roll call.

Francesconi: Aye. **Hales:** Aye. **Saltzman:** Aye. **Sten:** We're making progress. Aye.

Katz: Moving slowly. Aye. [gavel pounded] all right. We're on regular agenda items. Is anybody here --

*****: Can we clarify, we'll continue this to January 10th? As opposed to December 5th?

Katz: Okay.

*****: I'm not sure what time of day that is.

Moore: 2:00 p.m..

Hales: Continue it for second reading on January 10th, right?

*****: I was speaking of the code portion of it.

Katz: We have to have a hearing and then it will have to be extended.

Hales: I tried.

Katz: Item 1360.

Item 1360.

Katz: Do I see anybody here from -- all right. Come on.

Mark Murray, Financial Planning: Mark Murray, financial planning. I assume we're on the bump.

Katz: Yes, we're on the budget adjustment.

Murray: First I apologize for being dressed down today. I forgot that I would be appearing in front of council. What we have before you is actually --

Hales: We're not that stuffy.

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Murray: Thank you. The three attachments are the main things. They consist of the general fund reductions, precipitated by the reduction in resources, particularly the refusal of a request to pay their fair share of franchise fees related to public right of way. The minor supplemental budget, which is technical in nature and the regular bump, which is technical in nature as well. To quickly recap for you the reductions in the general fund, major ones, I want you -- I won't get into all of them, i'm sure you don't want to spend too much time on this. Reduce budget appropriation for four officer positions and also reduce four non-sworn positions.

Katz: Wait a minute.

Murray: They were able to mitigate some of their reductions to revenue enhancements such as an increase in alarm fees --

Katz: I'd like for the council to be here unless -- go ahead.

Murray: They increase their alarm fees, reimbursement for some of the training they do for other agencies, and contracts for some of the services they deliver to other agencies. Parks reductions were meant through some salaried savings and they did have to delay some operations and maintenance activities. Fire has postponed the purchase of one piece of apparatus and redeployed staff in an attempt to minimize disruption for this year. Many special appropriation were impacted as well, including an allocation to the Oregon historical society, the r.a.c. Budget, early childhood development activities were reduced a significant amount, and 2040 implementation funds were also reduced a significant amount. Those are the main elements in the reductions in the general fund portion. Now i'll roll over to the regular bump and address the contingency request and other adjustments. Some of the contingency requests are in response to previous council actions. Most significantly the distribution x-ray machines and the bureau of human resources communications package tied to the detu bargaining. And also the city hall security. The x-ray machines in the city hall security were part of the city's response to the actions of 9-11. Other contingency requests were from police. The primary one for a grant match. They were unable to carry over funds for grant match from last year to this year because they had spent all of their discretionary budget. So that resulted in the need to ensure they had adequate funds for grant match this year. Instead of using contingency we were able to use with -- work with boec, the police and commissioners offices to address this request by lowering the general fund transfer that goes to boec in amount to the -- this was enough to cover the full grant match. Other adjustments included in the bump include a transfer of funds from water to the office of management and finance to cover costs associated with work done in support of the cis reevaluation. A transfer in funds from environmental services to oni for watershed coordination activities tied to public outreach, that was 150,000 for that, \$100,000 for the water transfer to omf. And a transfer of funds from fire and boec to cover and police actually to cover the pens project that. Project was originally funded one time as a pilot project. The bureaus believe the pay lot was successful enough to warrant continuation and realign their internal budgeting priorities to pay for that effort. The only other thing I would like to add in terms of the general fund reductions and the bump is the city cut 4.1 million dollars in this effort. We've talked about the probability of having to go through this again before the end of the fiscal year. We believe that will happen. We'll try and move forward with that probably in january. It could be another \$3 million. With the help of the bureaus in closely controlling cost and curtailing expenditures we hope we can mitigate that impact and also we will continue to do anything we can this year to control expenditures to mitigate the impact on next year's budget as well. Questions, council?

Katz: The forecast for 2-3, when do you think we'll have that so we can make an intelligent decision as early as possible?

Murray: We've scheduled an official work session with council I believe it's thursday afternoon, december 13th, 2 o'clock to 4 o'clock. Prior to that I will try and meet with you each individually to

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give you a background as well. Drew is zeroing in on that forecast. He's close to completed. The major missing element at this point would be the next update to the state's economic forecast, which does play into his model. That's due next week.

Katz: Okay. So we'll have it early enough for us to begin our work.

*******:** Absolutely.

Katz: Okay. Thank you. All right. Anybody want to testify? All right. Any questions by the council? This passes to second. All right. Item 1361.

Item 1361.

Yvonne Deckard, Director Human Resources: Good morning, mayor, council. My name is yvonne deckard, the hr director for the city of Portland. You have before you a memorandum of agreement that has been negotiated between the city of Portland and the district council trade union.

This is a successor agreement that provides -- this is a successor agreement to the previous contract that expired on june 30th, 2001, and will be in effect through june 30th of 2004. The agreement has been ratified by the majority of the dctu members and has come to you for review and consideration. When we entered negotiations our goal for reaching an agreement was to recognize our employees' valued contribution through a competitive wage and benefit package based on market, to negotiate agreement that was fiscally responsible, and to achieve changes in contract language as it related to assignment of work, contracting out and other critical issues. We achieved our primary -- primary goal during these negotiations of reaching the agreement on the competitive wage and benefit package. Although we did not achieve our goal and objectives to get critical changes in contract language, the dctu's willingness to work with the city in addressing skyrocketing health care costs was significant. The -- the highlights of this agreement are wages in the first year is a cpi of 2.9. In years two and it includes an increase of cpiw with a floor of 2% and a ceiling of 5%. For benefits in the first year, an increase of 2.9 in the cpi for the health care plan, in year two, the city's contribution to the health care plan will increase by 10.5%, with plan design changes. And the third year, the city will use a medical care Portland cpiw with a floor of 2% and a ceiling of 10%. We will continue to bargain with the dctu up to february 1st of 2002 in order to achieve a 25% plan redesign savings. If we reach the 25% goal, we will apply a premium share formula that requires the dctu employees to pay a portion of their health care premium. The premium share costs would be \$10 a month for a single person, \$20 a month for two-party, and \$30 for a family. If we do not reach the 25% goal, the city will implement a 19% plan design savings and the dctu employees will pay higher premium share of \$20 for single, \$35 a month for two-party, and \$50 a month for family. This agreement of benefits includes a clause, if the city negotiate a better deal with another bargaining unit not including an ash terror award, the same would be offered to the dctu. We have also thought the substitute ordinance asking council to declare an emergency exists because of -- the delay would unnecessarily extend the implementation of the provision of the labor agreement. We're asking the council to adopt both the original and the substitute ordinance.

Katz: Go ahead. We have a substitute ordinance?

Moore: It got in on time for the emergency clause. So there's no substitute.

Katz: Okay. So the -- it does have an emergency clause. Okay. Go ahead.

Saltzman: On the premium share and the plan redesign the agreement is 19% or 25%. There's no range in between? Is that correct?

Deckard: The goal is for the city and the dctu to sit down and to reach the 25% goal. If we do not reach the 25% goal, then we will implement a minimum of 19%. If we were able to reach something in between 19 and 25%, then we would see what that is and how far it gets us, then we would talk farther with the dctu, you know, whether or not we'd make any adjustments.

Saltzman: Then the 25% level, though, that's the one that's associated with the --

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Deckard: Yes. That is attached to the formulary for employees.

Saltzman: That's only contingent upon reaching the 25%?

Deckard: They only get fit they reach the 25%.

Saltzman: Any level in between 19 and 20 doesn't get the formulary?

Deckard: Correct.

Saltzman: Okay.

Katz: That's the incentive.

Saltzman: Okay.

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

Francesconi: These are different and more difficult economic times, but we do need to remember that we serve the public through our workers. So here we're at a time that really more productivity is required from the work force, more efficiency, and that's the backdrop for this contract settlement. But we really need to remember that they are us, and we are them. This is -- we've asked our works to do three things that are substantial here, and which form the basis for the reason I'm going to support this. First is there is really no substantial wage increase beyond inflation, which means the union has not received dcu longevity like one other union has. The second is that we're actually reducing our health care benefits, and the third is we're asking workers to contribute.

Which is necessary given the financial condition. We wish it were not so, but it is necessary. So it is true that we did not -- we the city did not achieve some contract language that we wanted, but settlements are compromises, and this was a compromise worth making for both fiscal reasons for the taxpayers, and as well as the right thing to do by way of our work force. So it is true we do need to do business differently, but we also need to work together more effectively than we have in the past. So hopefully now with this behind us we can move on to how we can listen to our workers in terms of upcoming budget discussions and give them more input, as well as we can talk about how we can do business differently, including what programs, maybe we no longer need to pursue. So I look forward to having those conversations. Finally, thank you to the work of our negotiating staff. It's really a very unpleasant position for them, because they have to be the ones that say no, no, no all the time and they have to be really tough, but underneath that they care about the city and the workers as well. Thank you to the leadership of the union, it was a little tortured in getting there, but we got there, and finally thank you to the mayor for her beyond the call of duty in terms of sitting there for all that time. Maybe now you'll appreciate what lawyers do a little more, mayor.

Katz: They get paid better. [laughter]

Francesconi: Aye.

Hales: The definition of a good deal is that nobody's joyful, and although I see some smiles of relief and maybe some understanding on the faces of the people that participated in this difficult negotiation, no one's jumping for joy. But again, I want to commend although did it happen very late in the process, everyone concerned for getting to something that is reasonable and -- in difficult financial times and I just want to thank the dcu leadership and our staff for a difficult job well done. Thank you. Aye.

Saltzman: I am going to support this agreement because I certainly appreciate what we've gained and what the union has -- I would probably say they had to give up premium sharing and plan redesign driven by the necessities of spiralling health care costs, and I feel the wage package is fair.

What gave me pause and why I could -- consider possibly not supporting this language is the -- supporting this is the contract language. It gives me problem because this is the first time I'm voting on a dcu can't. So I had to sort of reconcile my instincts as somebody who's -- who still has instincts as an outsider working in the private sector and looking at this language and frankly, some of the language is permissive, meaning we should never be negotiating about this in the first place,

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although I know it's not the fault of this council, some prior council's crossed the border and decided they would negotiate over things that really are management prerogative. We talk about being an efficient city government, and you look at some of the contract language we have to live with, you realize the two are inconsistent. And so it's kind of a hollow thing to talk about being efficient and high performance when we realize that we have contract language that frankly just from my perspective is just plain bizarre. And defies reality, and I think that's a test most -- most people I talk about these clauses to outside of government, give 93 look. Via hard time with this language and especially the fact we shouldn't be negotiating about it. It's management's prerogative with respect to many of these rules about promotions and things like that. And I do want to say, next time this comes up, these issues permissive issues ought to be taken off the table right from the start and management say, these are going to continue to be -- once again we're going to reclaim these as management prerogative and they're not going to be subject to the negotiations and although I realize technically they're not strikable, we all know behind the scenes that's what the strike almost came down to was the contract language. So will it give me great concern about that contract language, and it's always something that we seem to want to, at least from my impression, we always want to -- we talk a good line about it at the outset of bargaining, but in the final analysis we end up walking away from it. And it really does take away from our ability to really be the most efficient government yes can be. And I think -- so we can't have both and we need to deal with this, and I hope next time this comes up these things will be taken off the table at the outset and we will reassert our -- reassert our prerogative that we are in charge of certain provisions about the work. And I do this because I think we are represented to represent tracks payers and sometimes I think we lose sight of that in these negotiations. We forget there's a third party to these negotiations. It's not just the union and the city council, it's the taxpayers as well, and they need to be represented fairly here too. That's part of our job. Aye.

Sten: I have mixed feelings about voting for this. I'm very glad to be here and I'm excited that we did reach -- I think it's given all the circumstances, a reasonable compromise on both sides. I think the union membership was absolutely right to agree to this contract, and I think although I would have -- if I could go back in time change some things about how this process got to where it is, I think they were right to push hard on these issues. So I have no qualms about the contract. What I don't like about it is it is a step backwards on health care and I think a step backwards for public employees, a step back for the whole society. I think that public employees, public employee unions have been the place where things like benefits came to be, and unfortunately for reasons outside of this council's control and certainly outside of employers control, health care costs are escalating, and I think we have what is going to be something that moves from an annoying extra cost to potential lay national crisis in terms of what the cost of health care has become. There are some parts of that we can control, and I'm not going to whine about those because I think we have a chance to get those costs under control. There are some things we can do with utilization and incentives, and I think we're not -- we're in this together and we'll figure it out. The overall cost of health care, the escalating cost of drugs, the insane add-ons all of our health care cost that's we see every night on network tv in the most expensive advertising costs and all the things this country is allowing to go on with this system have driven us to a point where we almost had a strike over what I think is a very basic benefit of employing -- that every employee ought to have. So I'm not all that happy about the benefits going down, but I'm glad we're going to work together to manage that to our employees as best we can. I do think on the issues -- contract language is important. I agree with commissioner Saltzman on that. I think what we have to do is get back to I think in this whole negotiating process for understandable reasons we've lost some of the labor management cooperative approaches that we were really I think make something strides on. I think in the water bureau that's the case, that we were making progress trying to work through some of these in a

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collaborative fashion and the bargaining just made it impossible to get there. We've got a lot of money cut out of the water bureau's budget, so I think we can -- the contract is the contract, but I hope we can sit down and work out strategies on all of these issues that both sides can agree to in the same way I hope we're going to do on health care. This is not a contract that I ever wanted to bring to employees, but I think employees are right to agree to it, and I think it gives you a chance to move forward. Aye.

Katz: Commissioner Saltzman used the word "bizarre." I'm not going to say anything else with regard to the contract. You know what my feelings were and my recommendation to the council that we approve it and move on. But what was bizarre was the process and how we got there. I was in the legislature when we gave the right to bargain collectively to employees, public employees. I never thought that we would get to this kind of a bizarre system that we're in right now. And I threatened to go down to the legislature and asked for a change in the law. This was not collaborative bargaining. This was not cooperative bargaining. This was a finger-pointing process, belligerent statements made. A mediation process by which you were locked in rooms and only the mediator could move from one room to another. And it wasn't really until there was a face-to-face discussion on some of the issues that we may have moved a little further forward. I would really recommend that we review the process and come back to an us bargaining position as opposed to them versus us. This is not healthy for a public corporation to be in a position of them versus us position. And my hope is that both management and the labor unions clearly understand that we've got to do this differently, and we've got to do it more collaboratively. And we've got to have discussions about these issues, even discussions about some contract language that may antagonize some folks at the table. Those are worth having conversations, and we need to change the way we do business. Having said all of that, I want to tell the council and the public that at least -- and the room that I was locked in for most of the night. We have a wonderful team. The team was concerned about how the city will function. The team was also concerned about how do we help our employees meet some of these obligations where we think in some cases it might be somewhat difficult. I don't know what was happening in the other room, which is what was bizarre. But I can tell you that your management team was thinking of the city, was thinking of its employees, and was thinking also of the financial situation that we're in. This is probably going to cost us several million dollars more than what we have set aside. More than several million dollars more. Final figure isn't quite in yet. And that will mean that other services will have to be reduced because of this decision. And so be it, we'll do it and we'll do it the best we can. But the process hopefully next time will change. Aye. [gavel pounded] all right. 1362.

Item 1362.

Katz: Roll call.

Francesconi: You saw yesterday how important our manufacturing base is. How important a diverse economy is to our city. And so these are very good paying jobs and we need this policy to preserve them for the future. Aye.

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

Katz: Mayor votes aye. [gavel pounded] 1363.

Item No. 1363.

Katz: Roll call.

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

Katz: Mayor votes aye. [gavel pounded] I need a motion to -- let me -- I need a motion to suspend the rules to bring forward 1364.

Item 1364.

Francesconi: so moved.

Saltzman: second.

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Katz: Any objections? Hearing none, so ordered. 1364.

Glenn Meyer, Director, Information Technology: Good morning, council. My name is Glen Meyer, the city's chief information officer with me today is Rich Schulte, the corporate GIS manager who did the heavy lifting on evaluating our options as far as Microsoft licensing agreements. The ordinance would authorize us to enter into an agreement with ASAP Software. ASAP Software is a third-party vendor that works with Microsoft and was selected through the state of Oregon's competitive selection process to offer them their enterprise license agreement that will refer -- we'll refer to as the ELA. There are a couple of benefits to doing this. One is that it will support i.t. Consolidation in some of the efforts that we're planning as a result of our direction from council to consolidate service delivery in the i.t. Area. Specifically the help desk and desk stop support area, something we'll be coming to you with in the budget process. That's an area where we have identified efficiencies that will reduce the FTE count and pay for quite a bit of the efficiencies. We need desk top standardization to carry that out. It's one of the basic premises. So we'll be back to you with more details on that. It -- this agreement offers us the ability to leverage the state's contract in which they purchased 150,000 desk top licenses. So the difference is from 211 dollars per seat as opposed to \$318. It would also avoid if we sign this if we get this contract in place by the end of November, it would avoid an immediate additional \$500,000 annually that we'd have to pay for software licensing. It's a three-year license contract so that means we avoid roughly \$1.5 million. The contract -- the ELA as it exists right now is updatable. That means every year there's a true up, so if we add licenses or we decrease because of efficiencies, we can true up and pass that on to the bureaus. And significantly it will simplify future management. There is a potential risk here that we are not in complete compliance with Microsoft software regulations. And the last benefit of entering into this particular ELA is that it waives all those difficulties, and brings us up to compliance immediately. Finally, before we move to questions, this will be funded from the Bureau of Bi.T.'s funding and will recover and appropriate costs through the winter bump and interagency adjustments.

Katz: Did you want to ask anything --

*******:** I'm fine. I'm just here for -- here for questions.

Saltzman: I --

Hales: I want us to take a deep breath and stop here for a minute. I want to ask the council's indulgence, because we're tired and this sounds wonky, go to the last line. Costs \$900,000. Costs will be collected from the bureaus through the overhead model to pay for this unbudgeted expenditure that's showing up on a four-fifths item. Right? Now, we've got a number of questions here. One is, what happens if we don't? Not what might happen, but what will happen if we don't? And again, I'm testing patience on the council when I do this, but this is a potential disconnect between the lifestyle of our overhead functions and the lifestyle of our core functions. Glen, I'm going to be coming to this council with a budget amendment for the office of transportation that's going to cut 50 jobs. You're telling me to cut two more to pay for this. Do you want to sit down with those people and explain why based on arcane possibilities of disagreements with Microsoft we should lay off two more asphalt rakers? I think we need to take this one back to the drawing board, folks, and ask -- start requesting the question, the overhead function that's we're already asking in the water bureau, the parks bureau, we're locking restrooms, and PDOT, where we're laying people off, and the police bureau, mayor, where we face add couple times right up to the edge of the question of the desk clerks, can we spend less, can we defer, can we stop doing things in the overhead functions that in the real service of city government, because all of us, Glen, are overhead. I'm overhead, you're overhead. The real work is being done in the swimming pools and on the streets and those folks are getting laid off here in the next year as we deal with this downsize. So to spend \$900,000 that I don't believe we have to spend, you know, what's the style to which we

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should be accustomed? I'm willing to let my bureau keep operating on -- operating on windows 97 and lay off less asphalt layers.

Katz: Let's let them respond.

Rick Schulte, Bureau of Information Technology: Really there's two issues here. One is to get the city into more or less compliance with the software usage in the city. That's one area.

Hales: What if we don't?

Schulte: Then one, we are liable in the event that microsoft decides to perform an audit, which would be a significant expense the way the city is currently -- over his correspond -- purchasing and licensing --

Hales: Have they threatened to do that?

Schulte: They've done to it other cities of our size.

Hales: Might we might want to wait until they do that?

Katz: Let him finish --

Schulte: That's kind of the one side that is looming out there that this agreement does deal with. The other one that I think we've been trying to focus on is on the more of the positive side, is in order to gain the efficiencies flew standardization, I think we'll all agree standardization is needed, we need to move to a single platform. We also, in our hypothesis here, also agree that we will not be -- we will need to move from our current software to the next version sometime. Now, we all have the decision through this to decide when. If it's in the next year, if it's in the next two years. So what we did is we took a look at what it would cost if we do it now, what would it cost if we do it within six months, or what would it cost if we do it in, say, two years. And what we're coming up for you -- coming before you and saying is that giving all those scenarios, whether we put it off for two years f. We don't enter into the state contract, it will cost the city an additional million and a half dollars when we decide to do it. And that's the bottom line. We can -- there is a decision to not do anything, but what we're bringing forward to you today is this for the city of Portland is the least cost of the inevitable. And that's really the kind of thing -- to reflect on whether or not this is a new cost, well, we definitely tried to find out, is this a new cost, and -- at least my argument is it really isn't a new cost. We somehow purchased office '97. We somehow purchased the operating systems that we have now. So throughout our budgeting process and the way we finance our software, we have had the ability to purchase. And -- but through the budget process and the way we account, it is not something that we could go to a line item in the budget and say, bureau of transportation has a microsoft software budget that they need to spend annually, and use that as an offset. The accounting and the budgeting does not apply there. So this is really an offsetting -- should be an offsetting cost, but the way the financial picture is, you cannot find in our financial records.

Hales: Again, compared -- this all sounds very reasonable. But you're talking about software here, folks. Let's take an example. The office of transportation has an infrastructure management system that tracks which paving jobs we should do this year. We're not going to change that. I don't care what microsoft says. We can't afford to change that. And we're doing less paving every year. So spending more money on software to tell us how little paving we're doing is not a responsible expenditure. So again, one model I want to suggest is, let's let bureaus opt out of this. I don't want to cut transportation's budget by another \$100,000 in order to pay for this. I want to ask the council if we want to go ahead with this, let transportation off the hook. I can't justify laying off two more people to pay for this. That's our bottom line. In an enterprise fund that is being cut, not in projected growth, but in actual dollars. We are cutting positions. We will be bumping people into your bureaus when we make these cuts. Are you going to look these folks in the face and say we need to do that to keep bill gates happy?

Meyer: Let me respond to the --

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Katz: Excuse me. I have to leave. So i'm going to pass the gavel over to commissioner Francesconi and the council will make a decision as to what they want to do.

Hales: My recommendation is to take this back to your office.

Katz: You have the rest of the council to deal with.

At 11:45 a.m., Mayor Katz left

Meyer: The situation on looking people in the face and telling them that they're going to be removed, i'm willing to do that with you, because i'm going to have to do that to meet my asr obligations. The business plan that we're going to come forward with that more or less pays itself off in five or six years is predicated on me cutting ten fte and i.t. So we're all going to have to do that. That's what you told us to do in february. You said, create efficiencies and the only way to create efficiencies in i.t. is to reduce the head count. I'm sorry.

Francesconi: But -- i'm sorry too. I'm sorry I interrupted you. Commissioner Hales is making a different point. Your response was not on point to his -- his point was to do this expense now, cut not i.t. people, but other people. So your response was not on point. Parks has the same concern. The exact same concern that commissioner Hales -- I guess -- two questions. One to you, sir. How long can we wait? You said a year and a half.

*****: There's --

Francesconi: Forget the microsoft threat.

*****: We have multiple deadlines. One is the end of this month, state contract, it's one price. After that, we have another deadline that is january 31 of 2002. At that, it's an increased price.

Francesconi: How much?

Schulte: About a million and a half dollars.

Saltzman: The state contract price goes up?

Schulte: Right.

Saltzman: There's a new statement agreement, it's just a higher price.

Schulte: Yeah. It's a higher price.

Saltzman: And we know that already.

*****: Right. This has all become a part of recent -- when this agreement came to the state, it's 14 months old. We look add -- looked at it at that time and did it not pencil out to be the most cost effective way. In may of this year, microsoft completely changed their licensing and now after we ran the models, it is the most cost effective way. After july 31 of 2002, in order to move to the next version, whatever it happens to be, will be an all-out software purchase. There is no more upgrades, there is no migration pass, it will be a complete capital expenditure to purchase brand new software. And it's just the way it is.

Hales: The software have will keep working, just like the trucks we have will keep working. We're on a path that we have to stay current. That would be nice if our services that those support functions are there to support were keeping current. They are not. We are locking restrooms, we're struggling to pay the bills in the water bureau, and we're laying off 50 people. Not no transportation. It's a different world. We need to stop spending money on things.

Francesconi: A couple questions. What was the first date again?

*****: November 30th. The end of the month.

Francesconi: What's the date today? What's next week's --

Saltzman: The 21st today.

Francesconi: So we have another council hearing?

*****: From what I understand there's not a quorum, otherwise we would have waited.

Francesconi: There's not a quorum?

*****: That's what yes told.

Moore: On the 28th we have all five people.

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Francesconi: My last -- I don't think you've processed this with the bureau of managers very well from what i've heard. Have you?

*******:** No. It's -- it's very new.

Francesconi: I'm going to turn this over to commissioner Sten, then commissioner Saltzman. I'm not voting for this today. That means I don't think commissioner Hales is, I -- if we vote, I think you're not going to have three. My suggestion is you better talk to the bureau managers and you better bring it back with a little more support next week.

Hales: Or don't.

Francesconi: But i'm going to need to hear -- this is exactly what parks feared when I forced them into this situation. This is exactly why they told know vote no on this process, this i.t. Process. And this is exactly why vic rhodes told commissioner Hales to vote no on this. Before i'm going to vote for this you're going to have to bring this back next week. Commissioner Sten and commissioner Saltzman.

Sten: How much is it to buy the software new if you don't get an upgrade, roughly?

Schulte: At today's pricing if we buy the package here it's probably right around \$1100 per desk top.

Saltzman: What's the total price?

Schulte: About 4,000. About 4,000 desk tops.

Sten: If you --

Francesconi: Don't look at me like that. You didn't handle this well.

Sten: Did you guys want to talk or --

Francesconi: I'm sorry.

Sten: If we upgrade it now and then we don't -- do we then have to once we need to upgrade it again buy new at that point, or do you then get a different deal that you can continue to upgrade?

Schulte: There's -- after July 31, there will be no more upgrades.

Sten: It seems to me the operative question for me is how much better this one upgrade is and how long it gets us. It's not a matter of -- I completely 100% buy your logic. I think you need to do a little more process with the bureau of managers if you thought we didn't have another week, we do.

I could use some recommendation in writing from omp, whatever it is now, from our -- so I could get a sense of how you guys view it. But it seems know the operative question is, how much time does this new upgrade buy us, because are we better off not doing this, managing a little longer with the old system, skipping this upgrade and eventually big the \$1100 one? From what you're saying i'm going to have to buy the \$1100 eventually when this next upgrade runs out.

Schulte: No, you don't. This is purely on paper that it's a three-year agreement. So for over the three years, which equates -- it's -- it spreads the costs of the payments, which is another benefit of this. This is a three-year agreement, it's actually \$633 per desk top that covers rp -- our pcs for three years. So in that three years, we can choose to -- when and what version we ever want to upgrade to within that three-year period.

Sten: So at the end of the three years we would get --

Schulte: The most latest --

Sten: Whatever is the best at the end of the three years?

Schulte: And we'd be licensed for whatever that current version is at the end of three years. For the 633 dollars. That's really the deal. Now, when you go to either all-out purchases or the upgrade option that will expire July 31st, that is a one-time expenditure, which is around about a \$2.8 million expenditure up front, one time. And there's no spreading it out over three years. That's what these enterprise agreement agreements do. And the difference between state contract and the difference -- and -- is the state contract is 2.8 million, and the -- and if we miss the state contract,

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the negotiated price there is 4.2 million. So it's the difference between -- it's the difference between that.

Sten: If you guys could do -- I understand passions are high on this, I also -- it's my personal belief that -- I think we need to do a little more process and I need feedback from the finance department what their opinion is on this, because we are making cuts. I'm -- I think in the long run one does not get more efficient by neglecting computers in the -- in this day and age, but I can't vote for this until I get more background from the managers.

Hales: And I need help too, guys. I'm probably on the -- in the low mean here in terms of computer literacy. So here's the test that you need to make for me. Mark, you and tim need to meet this test as well as your computer people here. Somewhere in the neighborhood of 250, 300 people showed up this morning at 7 o'clock at stanton yards wearing flannel shirts and blue jeans. They drive trucks, they go out and crack -- seal cracks and pave streets. Tell me how this expenditure makes them more productive. And makes them two positions more productive than if we were to just say, we're going to get by with old word processing software. Folks, this is word processing and e-mail and other peripheral functions. The real work is moving the water from bull run to here, and running the sewage treatment plant and patrolling the street and putting out the fires, and paving the street. And we have not -- we have lost the connection between these management assumptions and the level of service that we're delivering in those core functions. And if the city commissioners don't understand why this expenditure is essential versus laying off two more people and bumping them into other bureaus, then we shouldn't make the expenditure. That's the test you gotta meet. Show me how stanton yard is going to work better the morning after we get the new software with two less people.

Francesconi: Commissioner Saltzman, you get the last word and then we'll bring it back last week.

Saltzman: Okay. Since it sounds like it's coming back, a couple points I want to make is, sounds like there's really two issues here. One is bringing us into compliance and second is whether we get the new software. So I think there's probably two issues here and we probably need to know what's the cost for just bringing us into legal compliance, and not going with the new software. I guess that's what I'd like to have an answer to. The other thing what you're hearing here is I -- I was going to ask you, I won't ask it now because of time, why -- if this is a decision of such gravity, why do we find out about it on friday or monday and it has to be done now? You don't have to answer that, but -- i.t. And hr consolidation, as you know, a lot of our bureau managers were nervous about these issues because they're afraid of these types of things coming over the transom of which they have no say, but they have to pick up a portion of the cost. And so I think there's a real trust issue here and this is sort of the first one in the i.t. Issue -- in the i.t. Arena that's come this way and it shouldn't be coming to us finding out about it friday or moan day saying it has to be passed wednesday. That's -- that makes our bureau managers as you can tell, apoplectic. That trust needs to occur, because the concern is how many more of these things are going to come up and given we're not the most i.t. Literate folks in the world too, so it's hard for us to understand the need, and we need to direct our bureau managers, and one of the things they're most concerned about is what's their share of the cost, and is this really the highest priority issue. So I think we need some -- we need to know that too. This is an important trust building step to hold up the integrity of the major decisions we made to consolidate i.t. And hr functions as well.

Francesconi: You can have the last word if you want. Go ahead. Then we're done until next week.

Schulte: Let me just -- I would certainly appreciate more time myself. It's a very complex issue. It's tough to communicate. It's tough for me to even understand it myself. Our sole purpose in this expedited process was simply to ensure that we had the opportunity to exercise the least cost option

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to the city. That's purely it. We can certainly need to -- we can spend more time with the bureaus to make them understand what this means and how it will impact them, and now that we have another week we can certainly improve upon that. This is really a reflection of the way we have managed i.t. In the history. It was disputed, it was a bureau's responsibility to purchase software and keep track of it and financially manage it. And we're in a position right now where I wish I could tell you that we are in 100% compliance. And we have all the records and by the way, we've financially -- we've done our job financially planning our software, our assets over the years so that when these things do come up, it's a matter of reallocating existing resources. But I can't do that. And it's very difficult. But we can do the best job we can.

Francesconi: It's dawning on me maybe you're bearing the consequences for some past behavior of other bureaus, and I bet you one of them might be mine. So let me look into this too, but let give it a week to bring this back.

Meyer: Lastly i'd say i'm -- I don't want to be defensive and I don't want to make excuses. We knew this was a very difficult situation, a very difficult issue to deal with to make decent arguments for. There are a lot of reasons regarding the timing that we really don't want to speak about in a public venue, to we'll just leave it at that and try to do our work and come back and help you guys out.

Hales: Work with our managers.

Meyer: On that, we have been working extensively with the i.t. Managers --

Hales: No, no, our bureau managers.

Meyer: I understand that. Under the model the i.t. managers work with their managers, and sometimes that happens, sometimes it doesn't. We'll take your advice and work with the managers.

Hales: I'll try to put this more gently than did I at first. You're a good manager. You're trying to do the prudent thing. The prudent thing to do is to keep up. Now, I have a bureau that is not keeping up. There's a path properly documented in the computer program we now have about how many land miles of asphalt we should pave every summer in order to maintain the capital asset of the street system. We're not doing it. Why should we spend money on software?

Francesconi: I didn't want to interrupt --

Hales: I'll quit beating the I hope dead horse.

Francesconi: We're adjourned. Happy thanksgiving to everybody.

At 12:05 p.m., Council adjourned.