



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19TH DAY OF DECEMBER, 2001 AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ben Walters, Sr. Deputy City Attorney; and Officer Peter Hurley, Sergeant at Arms. Officer Hurley was relieved by Officer John Scruggs 12:15 p.m.-3:15 p.m.

Item Nos. 1439, 1442, 1447 and 1455 were pulled for discussion and, on a Y-5 roll call, the balance of the Consent Agenda was adopted.

Commissioner Hales left at 10:30 a.m. and returned at 10:35 a.m.

Commissioner Francesconi left at 12:40 p.m. and returned at 1:45 p.m.

Commissioner Hales left at 12:50 p.m. and returned at 1:10 p.m.

COMMUNICATIONS		Disposition:
1431 Request of Ryan Stonemetz to address Council regarding difficulty in getting permits for his property (Communication)		PLACED ON FILE
TIME CERTAINS		
1432 TIME CERTAIN: 9:30 AM – Adopt the Office of Management and Finance Strategic Plan and direct implementation (Resolution introduced by Mayor Katz)		36045
(Y-5)		
1433 Adopt the Bureau of Human Resources Strategic Plan (Resolution introduced by Mayor Katz)		36046
(Y-4) Commissioner Hales left meeting at 10:30 and returned at 10:35.		

1434 Authorize implementation of Human Resources Administrative Rules, repeal the Personnel Rules, repeal current Human Resources Policy Resolutions and Ordinances, and amend the City Code to reflect changes. (Ordinance introduced by Mayor Katz; amend Code Section 3.15.050, repeal Chapters 3.57, 3.58, Title 4 and Section 5.08.100, add Chapter 5.09; repeal Resolution Nos. 35757 and 34849 and Ordinance Nos. 171144, 172881, 172880, 173221 and 173145; and amend Ordinance No. 166997)

Motion to remove emergency clause: Hearing no objections, the Mayor gaveled down.

Motion to accept amendments: Moved by Commissioner Francesconi and seconded by Commissioner Saltzman. Hearing no objections, the Mayor gaveled down.

**CONTINUED TO
FEBRUARY 27, 2002
AS AMENDED**

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<p>S-1435 Adopt a new classification and compensation plan for Nonrepresented classifications and new pay rates for Elected Officials, specify the effect upon employees moving to the classification and compensation plan and establish an effective date (Ordinance introduced by Mayor Katz)</p> <p>Motion to accept substitute ordinance and amend to remove pay raise section for elected officials: Moved by Commissioner Saltzman and seconded by Commissioner Hales. Hearing no objections, the Mayor gavelled down.</p>	<p align="center">SUBSTITUTE CONTINUED TO DATE TO BE ANNOUNCED AS AMENDED</p>
<p>*1436 TIME CERTAIN: 11:00 AM – Designate two Heritage Trees in the City (Ordinance introduced by Commissioner Francesconi)</p> <p>(Y-5)</p>	<p align="center">176153</p>
<p align="center">CONSENT AGENDA – NO DISCUSSION</p> <p align="center">Mayor Vera Katz</p>	
<p>*1437 Accept an Intergovernmental Agreement with the League of Oregon Cities to strengthen and support livable communities (Ordinance)</p> <p>(Y-5)</p>	<p align="center">176134</p>
<p>*1438 Create three positions for the Bureau of Environmental Services in accordance with the policies established by the City Council (Ordinance)</p> <p>(Y-5)</p>	<p align="center">176135</p>
<p>*1439 Increase contract with Payne Construction for change orders to Portland Police Mounted Patrol Unit Renovation at Centennial Mills (Ordinance; amend contract No. 33365)</p> <p>(Y-5)</p>	<p align="center">176151</p>
<p>*1440 Increase contract with JVC Contractors, Inc. for Change Order No. 2 for CityKids Child Development Center in The Portland Building (Ordinance; amend Contract No. 32960)</p> <p>(Y-5)</p>	<p align="center">176136</p>
<p>*1441 Authorize Interagency Agreement between the Portland Development Commission and the Bureau of General Services for the design and construction of tenant improvements on the 7th floor of the 1900 Building (Ordinance)</p> <p>(Y-5)</p>	<p align="center">176137</p>
<p>*1442 Pay claim of Damon Woodcock (Ordinance)</p>	<p align="center">CONTINUED TO JANUARY 2, 2002 AT 9:30 AM</p>
<p>*1443 Extend contracts with Verizon Wireless and Arch Paging for cellular telephone and paging services and provide for payment (Ordinance; amend Contract Nos. 40120 and 30709)</p> <p>(Y-5)</p>	<p align="center">176138</p>

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<p>*1444 Re-adopt Chapter 5.33 of the City Code and Ordinance Nos. 174509, 174904 and 175123 which establish purchasing policies and rules for the City (Ordinance; re-adopt Chapter 5.33 and Ordinance Nos. 174509, 174904 and 175123) (Y-5)</p>	<p align="center">176139</p>	
<p>*1445 Grant a ten-year property tax exemption to Cascadian Holladay, LLC for new multiple-unit housing on a site at the northwest corner of the intersection of NE 6th Avenue and Holladay Street (Ordinance) (Y-5)</p>	<p align="center">176140</p>	
<p>*1446 Amend Ordinance No. 176024 which adopted Zoning Code changes that increase development potential for sites in the area of the West End south of Salmon Street, to change the effective date from January 1, 2002 to February 1, 2002 (Ordinance; amend Ordinance No. 176024) (Y-5)</p>	<p align="center">176141</p>	
<p align="center">Commissioner Jim Francesconi</p> <p>S-*1447 Amend Lease Agreement with CM2, an Oregon non-profit corporation, to accelerate the scheduled payments due from the City and authorize payment from the Parks Recreation Trust Fund with repayment from the General Fund (Ordinance) Motion to accept substitute ordinance: Moved by Commissioner Saltzman and seconded by Commissioner Hales. (Y-5)</p>		<p align="center">SUBSTITUTE 176152</p>
<p align="center">Commissioner Charlie Hales</p> <p>*1448 Amend Abandonment and Retention Agreement for the jurisdictional transfer of portions of SE Market Street, SW Clay Street and SW Front Avenue with the State of Oregon, Department of Transportation (Ordinance; amend Ordinance No. 175715) (Y-5)</p>		<p align="center">176142</p>
<p align="center">Commissioner Dan Saltzman</p> <p>*1449 Authorize a License Agreement with The Burlington Northern and Santa Fe Railway Company for a below-grade private grade crossing to provide access to the Columbia Boulevard Wastewater Treatment Plant Solids Lagoon, and provide for payment (Ordinance) (Y-5)</p>		<p align="center">176143</p>
<p>*1450 Contract with Tetra Tech CMI, Inc. to supply qualified construction management, inspection and project support personnel upon request (Ordinance) (Y-5)</p>	<p align="center">176144</p>	

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<p>*1451 Contract with CMTS, Inc. to supply qualified construction management, inspection and project support personnel upon request (Ordinance) (Y-5)</p>	<p align="center">176145</p>
<p>*1452 Accept a grant from the National Oceanic and Atmospheric Administration in the amount of \$75,000 for restoration along Johnson Creek (Ordinance) (Y-5)</p>	<p align="center">176146</p>
<p>*1453 Contract with HDR Engineering, Inc. for professional engineering services for the Columbia Boulevard Wastewater Treatment Plant Sodium Hypochlorite Conversion, Project No. 6700 (Ordinance) (Y-5)</p>	<p align="center">176147</p>
<p>1454 Contract with Multnomah County, Division of Community Programs and Partnerships for \$125,000 to provide services for the Block-By-Block Weatherization Program (Ordinance)</p>	<p align="center">PASSED TO SECOND READING JANUARY 2, 2002 AT 9:30 AM</p>
<p align="center">Commissioner Erik Sten</p>	
<p>1455 Authorize the City Attorney to intervene and participate in the Oregon Public Utility Commission review of the application of Northwest Natural to acquire Portland General Electric Company (Resolution) (Y-5)</p>	<p align="center">36044</p>
<p>*1456 Authorize a \$130,000 contract with Dodge, Schmitgall, inc. for marketing services for the 2001-2002 Integrated Multi-Media Summer Marketing Campaign on behalf of the Regional Water Providers Consortium (Ordinance) (Y-5)</p>	<p align="center">176148</p>
<p align="center">City Auditor Gary Blackmer</p>	
<p>*1457 Assess system development charge contracts and Private Plumbing Loan Program contracts (Ordinance; Z0736, K0042, T0056, K0043, T0058, P0059) (Y-5)</p>	<p align="center">176149</p>
<p>*1458 Authorize contract with On Target Performance Systems, LLP to provide licensing, technical support, on-site training, and installation of the Administrative Investigations Management System (Ordinance; waive City Code 5.68) (Y-5)</p>	<p align="center">176150</p>

REGULAR AGENDA		
<p>1459 Accept and approve the final report of the Customer Information System Assessment Team and direct the implementation of its recommendations and reporting schedule (Resolution introduced by Commissioners Saltzman and Sten)</p> <p>(Y-5)</p>		36047
Mayor Vera Katz		
<p>*1460 Accept a grant from Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms for Gang Resistance Education and Training by the Portland Police Bureau (Ordinance)</p> <p>(Y-5)</p>		176154
<p>*1461 Amend contract with Warner Pacific College to increase compensation to the College for additional space and services (Ordinance; amend Contract No. 33027)</p> <p>(Y-5)</p>		176155
<p>*1462 Extend the term of a temporary, revocable permit granted by Ordinance Number 175757 for an additional nine months (Ordinance; amend Ordinance No. 175757)</p> <p>(Y-5)</p>		176156
<p>*1463 Authorize an Interconnection Agreement and a Request for Early Ordering with Qwest for wholesale and reseller services for the Integrated Regional Network Enterprise (Ordinance)</p> <p>(Y-5)</p>		176157
Commissioner Jim Francesconi		
<p>S-*1464 Refer to the voters a five-year local option tax levy for parks and recreation purposes (Ordinance)</p> <p>Motion to accept substitute ordinance: Moved by Commissioner Francesconi and seconded by Commissioner Saltzman.</p> <p>(Y-5)</p>		SUBSTITUTE 176158
Commissioner Charlie Hales		
<p>1465 Consider vacating a portion of SE Lexington Street east of SE 120th Avenue at the request of BFG Enterprise, LLC (Hearing; Report; C-9995)</p> <p>Motion to accept report and order City Engineer to prepare ordinance: Moved by Commissioner Hales and seconded by Commissioner Saltzman.</p> <p>(Y-5)</p>		APPROVED; CITY ENGINEER PREPARE ORDINANCE

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Commissioner Dan Saltzman

1466 Refer Children's Levy to City voters as a local option levy for five years commencing in fiscal year 2003-2004 (Second Reading Agenda 1407)
(Y-3, N-2 Mayor Katz and Commissioner Francesconi)

176159

At 3:15 p.m., Council adjourned

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WEDNESDAY, 6:00 PM, DECEMBER 19, 2001

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

GARY BLACKMER
Auditor of the City of Portland

By Susan Parsons
Acting 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.

DECEMBER 19, 2001 9:30 AM

Katz: I want to introduce to you a group of people who are, this spring, bringing to Portland a national conference. The organization is the national forum of black public administrators. And they have -- we're delighted that they have selected Portland this year, and I think it's the first year that the conference is coming to Portland. The organization will be celebrating its 20th year anniversary next year, but they will number Portland at the Oregon convention center april 6th through 10th, year 2002. The organization will bring between 1300 and 1500 people into our city. They will be utilizing four of our major hotels in the city, as well. We have with us today robert bob, who is the president of the association, and also the city manager in the city of oakland, who will say a few words about the conference. And joining him for a one-day planning session today in Portland is tony adams, who is the assistant superintendent for the county district of schools in oakland. Mark reed, who is the senior vice president of ing company from irvin, california. And william loud, senior vice president, for ch-2 in denver, colorado. We have several employees who are members of this organization, who will be assisting with the conference, and we are very excited to introduce mr. Bob.

*****: Good morning.

Robert Bob: Thank you very much, and good morning. Honorable mayor, and members of the city council. I bring you greetings from the city of oakland, california, and we are very fortunate that, to be in your community, in your city today, and most importantly, we really look forward to bringing our membership to Portland in april of the year 2002. Our conference is a major training conference for african-americans in public administration from not only the united states, from, but also from throughout the world. In addition to the various workshops that we will be having during that week, we also want to use your, your city as an urban laboratory. We want to build -- we want our members to be exposed to the significant and innovative programs that you have had -- you have here in Portland from transportation through river front development to your overall downtown planning process, and so we are going to use your community not only for the training of our membership, but also as an urban laboratory and so we look forward to coming to Portland. We know you have a busy agenda today. I came from a city council meeting that went into the hours last night, and so we will not take up too much of your time. But we are glad to be here.

Katz: Thank you. And I promised robert that none of us would ask questions with regard to a city manager form of government, but we will leave that for april. [laughter]

*****: We want to welcome you here. We are very excited that you are coming, and I know that you will have a wonderful planning session. They are staying for six to four days. Did you want to add anything? So, it's quite a lengthy trip, and we will hopefully have some fun planned for you, as well.

Francesconi: In that regard, roy jay is looking out for you, so at 10:00 last night, I got an e-mail from roy jay. [laughter]

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*****: Telling me that Charles Jordan, and I need to make sure our public golf courses are also experienced by you, at a discount. So I just want you to know that Roy is on the job. [laughter]

Katz: Robert, you might want to let your mayor know, I don't know if he remembers or not, but I met him in northwest Portland when he was running for the presidency in the kitchen of, well, the prominent family here in town, I won't their name here, and he had a can of beer in his hand. So, i. [laughter]

*****: I am certain that he will remember the occasion. [laughter]

*****: And I tell you that he does look forward to participating in our public policy forum, which is an event in which we invite mayors and hopefully, you will also be in attendance, but he is expected to be here for the conference.

Katz: Oh, wonderful. Okay. Thank you. Well, thank you very much. [applause]

Katz: Actually, it's okay. We are not in session yet. Council will come to order. Roll call, please.

Francesconi: Here. **Hales:** Here. **Saltzman:** Here. **Sten:** Here.

Katz: Mayor is here. Let me announce a change in how we do business. We usually have held off communications until the very end, but there was a sense from the council and everybody concerned that sometimes it just wasn't fair to ask the public to sit and wait through some of the testimony and the items until the wee hours of the afternoon, and so we made a change, and we now have three minutes for five citizen communication requests, so it's no more than 15 minutes. And anybody coming after that, first come, first serve. We will come back next week so, they will know very early on whether they have to stick around or not. And we, today, we have 1431.

Item 1431.

Parsons: Request to address council regarding difficulties in getting permits for his property.

Katz: Ryan, you have three minutes, come on up.

Ryan Stonemetz: Thank you for your time. My name is Ryan Stonemetz, and I would like you to picture for yourself for a second now, you were a kid that is 20 years old, is going to college, is wrestling, and found rent to be far too expensive for you, so you went through the process and loops of specially buying a HUD home from an FHA loan and rebuilding this house back to satisfaction. That is what I did. I tried to play everything fair and I did everything by the rules. I only needed two permits, and that was for two electrical boxes on two separate dwellings on my place. One on the main house, which went, which went fine. The second was on a little, a little structure, which is about 500 square feet, and the inspector came out, looked at the box, and the box is on the outside, so I felt that I had no need to be there. It was just on the outside. And you can determine from there. He came out and inspected the box, wrote me a note of what was wrong, but he also wrote me a note saying that he did not think that it was a legal dwelling, and that he wanted me to go out and find all permits, such as electrical, plumbing, building permits, stuff of that nature. I then called him to ask and confirm what he had said, and he said yes, he says, and further, I am only giving you 30 days to either get a building permit for \$,000 or to get a demo permit to tear it down -- \$9,000, or to a demo permit to tear it down. I had absolutely no money, but I went on the search anyways. First I went to Multnomah county, to the records department, and they said that I owned two separate parcels with two separate living dwellings, and that it was in an R-7 zone, which is a multi-family zone. And I felt good that I was on the right track. I then went to the city of Portland to look at permits, and they could not find any permits because both houses, the main house has its own address and the little house has its own address. I could find no permits on this little again, but I did find permits on the big house that showed a new sewer line going to both dwellings. And a couple of dishing permits and stuff like that. It found that the big

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house was built in 1940 and the little one was in 1951, which the records started in 1950 for Multnomah county. Then in later finding out that I need 7,000 square feet to buy -- to have a duplex on my home, on my property. And the city of Portland only had me list it as 5,000 square feet. And I asked the man, I says, well this deed says I own two parcels, and he goes, well, you are right. He says, but this parcel is in somebody else's name. The previous owner, and I says --

Katz: Council, allow the gentleman to finish? Finish up.

Stonemetz: Oh, thank you. And I said, okay. And so now I have 7500 square feet and two parcels but the address is wrong on the little home. It should be 10, two, three, four, not 10, two, four, four. I then started investigating that address, and nothing came up. But, the county did -- I mean, the city did tell me in 1980, when the records were switched over, a lot of the records from the '50s were either lost or thrown away, so I have -- so possibly I could not possibly find any proof of any building permits, or anything of that nature from the '50s. I then went back to the main resource at Multnomah county and they told me to sum this up, they basically told me that the, no matter what records they have, the city of Portland does not go by their records. They go by their own records. And so then I called the head inspector, and he said that he would not talk to me unless I had permits. I did ask him the question about that permit in '97. Why in '97 they did not ask about where the permits were for this little structure when it was built.

Katz: Do you want to get to the point of where are you now in the entire process?

Stonemetz: I am now in the process of, I either have two choices. Either to buy a billing permit for \$9,000, or buy a demo permit for \$4,000 and tear it down. Which, I neither have the money for -- I have the money for neither of those. So what I am looking for you is to reconcile this matter. I have proof that it has been, by the electric company and gas company, has been a rate 7, which is a habitable living space. Multnomah county has it as a habitable living space, but there are no found permits. As I said, I don't have the money. But I found from poor bookkeeping and record keeping that the records have been lost, and that I am unable to attend those, and I am looking for some kind of reconcile. The has been built for 50 year, been standing for 50 years, had no problems. I did get into a glimpse meeting with the head inspector yesterday to try and work things out before today, and he says well, we can probably do a demo permit where we tear out the kitchen. But then I would have to bring all the rest of the house up to code, to date.

Katz: Let me make a suggestion, that commissioner Hales and you and whoever he wants to bring into the picture to sit down with you and try to work through some of these things.

Hales: Susan Kelly in my office has talked to Ryan, but I want to volunteer her to work more with you. As it happens, there are a lot of OPD and R employees, some of who may be developing other options, but not this morning. But at any rate, while you are can, stop next door and talk to Susan Kelly some more, and let's see what other options we have to deal with this.

Stonemetz: I did talk to Susan Kelly the other day, yes, and she told me that they do not like to take over the grandfathering law because this is a multi-family zone. They don't like to go to the R-3 zone, which is not because of lawsuits. And --

Hales: Ryan, we are not going to, to figure out the solution in this room. There may be one, and I don't want to give you false hope. There may be a solution, but I think that some combination of her and you and OPD staff, we ought to figure out what other options you have. I understand the fundamental problem here, which is that you started with a small electrical permit, and then sort of get sucked into this bigger question about the legality of the structure, so I don't know what our ability to rewind that tape is, and get back to the simple question of the electrical permit, but I would like to look at that option. But, we are not going to be able to figure that out sitting here. I would recommend, if you can, literally walk in the case door, sit down with Susan and go over the

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records that you have so far, and let her talk to opdr staff and see what options you do have, short of this, terrible choice of, of an unrealistic amount of money for a permit or tearing the structure down, hopefully there are other choices, besides that.

Katz: Thank you. All right. Consent calendars, we have certain items that have been requested to be pulled. 1439. There will be an explanation on that one. 1442. That one will be continued but we still need to read it. 1447, there's a substitute. And 1455. Any other items that the council wants to pull off the consent agenda for discussion? Any items anybody in the public wants to pull off the consent agenda calendar for discussion? Hearing none, roll call.

*****: I had requested 1455.

Katz: It's pulled. Yeah. Roll call on consent agenda.

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

Katz: Mayor votes aye. 1439.

Item 1439.

Karen Kramer, Bureau General Services Facilities Manager: Good morning. Members of the council. Mayor Katz. I am karen kraemer, bgs facilities manager.

Kathryn Krygier: I am Kathryn krygier, senior project coordinator with the Portland development commission.

Kramer: 1439, the council calendar that I think commissioner Saltzman wanted more information on, is, is change order 6 for the mounted patrol unit facility, the new unit, the new facility renovated facility that's been created at centennial mills on naito, northwest naito. This has been an interesting project. We are very happy to report that the mpu is now occupying the building. The project began with a bid from payne construction at 1.6 million. Over the course of the year of construction, we have found that the building had many more requirements than we were originally, were originally able to identify. Even with the assistance of professional architects and geo-techs, so we have slowly increased the payments to payne construction. And this one is really the last of these. We will be back in front of you to talk about a few more items regarding the mpu at centennial mills, but they will be release of retainage and a continuation of the iga with, with pdc. Remember that we do need to do a change order every time we increase a contract amount. This original bid was lower than we had anticipated. Therefore, we had quite a large contingency. A contingency that started at \$300,000 and grew another 200,000 to almost, to nearly 500,000. We exhausted that contingency. This summer, went back to the Portland development commission. Sought more funds. The development commission on september 12th, after due consideration, granted those funds so, today, we are not authorizing additional funding. The money is available, has been available since september. The purpose of this council calendar item is to permit us to pay the contractor.

Katz: Thank you.

Saltzman: My questions are a couple, I guess. I mean, this is the sixth change order.

*****: Correct.

Saltzman: You just said when we got the bid on the project, you thought it was low. Which makes me suggest, think, okay, the contractor low-ball this had knowing through change orders, they could increase the budget, now this was the total amount of change orders is a 50% increase in what they bid on, so they made \$800,000 more off of \$1.6 million contract.

Kramer: The scope, however, as changed significantly.

*****: I realize that's probably part of it, too, but I am concerned about that. I am concerned about the fact that this is the sixth change order, and as I said, the project size has increased by

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50%. Now, you have assured me this is the last change order. That's correct? So, there will not be any further change orders on this.

*****: We will be back to you to talk about some other matters, release of retainage, and an iga with pdc on this matter, but this is, as far as we know now, the contractor is finished with his work.

Saltzman: As far as we know now?

*****: Let's talk a bit about what happened.

Katz: Let's talk about this issue because this issue has come up in the auditor's report, and every bureau has issues like that. This is not the time to talk about the policy issues, but there will be a time, but if there are change orders, we need to understand that. Go ahead.

*****: I think --

Katz: Identify yourself for the record.

Krygier: I am catherine kreiger with the Portland development commission. I think as karen pointed out, there were scope changes, and unforeseen conditions in the project. We felt that as the project continued, it was an appropriate time to really make some changes to the building as we would anyway for maintenance of the building, and also, to improve naito parkway, which has a 600 linear feet on the parkway so, we had an ability to make a dramatic impact on that street, so we went ahead and made some landscape and lighting changes, and did a little bit more painting on the building, not completely. It's a huge building, but really tried to improve a blighted property.

Saltzman: Seems to be things like painting a building should have been envisioned in the original bid. That doesn't warrant a change order to my mind. Painting the -- should have been something you knew --

Krygier: The mounted police are in about 20, excuse me, 30,000 square feet of the building. The building is about 250,000 square feet. So, the project was really envisioned only as a part of the building and the property. Does that answer your question?

Saltzman: No. You have answered my question, but still, the point is here, this was a low ball, and I think that you have been very liberal with sort of changing the scope as you go along to benefit both the contractor and to benefit, really, the direct beneficiaries of this project by not having to go off the bid for subsequent work. So I think that this is not the type of situation -- I don't think it's a good business practice. And as I said, you have assured me this is the last change order that we will see on this thing. I will hold to you that.

Kramer: I want to assure you, commissioner Saltzman, that all of the work that the contractor has done has not -- has been things that he did not originally bid on. The building is a very old, almost 100 years old. It is a beast of a building, and to understand it and to understand the complexities of working with it was a big challenge for us and the contractor. I want to reassure you that the contractor has not been inappropriately compensated for this work.

Hales: I have some questions, as well. Can you remind me how the decision was made to, to build this facility in the first place? S frankly, I don't remember previous change orders, if they were on the consent calendar. I, perhaps, didn't give them sufficient notice, but how is this project authorized in the first place?

Kramer: It was authorized -- it has been a long process. Several years in developing. It was in the capital improvements program that we produced originally years ago.

Hales: We, meaning?

Kramer: Bgs facilities. Serving our clients, the police bureau.

Hales: Back up. How was the site selected in this project authorized to use the former flower mill as a horse barn? I don't remember that.

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Krygier: Um, we have -- we had authorization from the Portland development commission to begin the project and enter into an iga with the bureau of general services. And an important part of this project --

Hales: So the city council was never asked, as I recall?

Katz: Oh, yes --

Hales: We asked to validate the selection of the thing?

Krygier: I believe the iga came to city council.

Katz: If you recall correctly, the patrol had a move from the site that it was currently on, that it was tied to the transportation request for improvements of the bridge.

Krygier: There is a redevelopment project at 9th and lovejoy where the patrol used to live and have been in a temporary place for ten years.

Katz: And remember, there was a lot of discussion on the part of the citizens. They wanted the site to be up in Washington park. That was not an appropriate site because of a commitment that transportation had made to make sure that we are able to monitor the esplanade. Remember that?

Hales: Let me be more specific. I don't know who -- I don't recall clearly enough how this was authorized. But let me, for moment, say it was my fault, okay. I will take the blame. I think it was a mistake. I think we made a corporate mistake, and I will be happy to assume the blame for that. Because maybe I voted for some igas and some change orders in the past that I shouldn't v but I think we made a mistake here. And i'm concerned that we are throwing -- if that is the case. If my hunch that this was a mistake, that building a barn with a view on the willamette was not the highest and best use of this site, is increasingly a conviction of mine looking at the project, as it takes shape. And therefore, i'm reluctant to vote for more funds, not simply on the change order concern that dan articulated, although I share that, but also on a belief that we may have made a misstep in this case. And we do lots of public works projects and lots of, of projects for bgs and over the course of the last ten years, I would say our batting average is up in the .900s, so if we make a mistake every now and then, so be it. But I will take the blame. I will say this is my mistake. Why should I put any more money into this project if I made a mistake in the first place.

Katz: Anybody else want to --

Hales: I am asking that question. What happens if we don't?

Kramer: Well, first of all, because I personally have been involved in the very difficult process of finding a site for the mpu to serve my clients, the police bureau, it was, it has been a --

Katz: And your transportation clients because the whole argument was they needed to be at the site to cross the bridge --

*******:** Correct. So it has been --

Katz: And there was --

*******:** You remember it all too.

Katz: There was an lid that was tied to the location of the barn close enough to the bridge.

Hales: I know, I know. I am remembering gradually here the providence of the project but I am accepting the blame for why we made the choice, just for purposes of discussion. Now, having done that, why should I spend any more money? What happens if I don't?

Kramer: Well, we have incurred these costs. We have committed -- we have signed change orders, 61 change orders that we want, that we need that, we owe the contractor for.

Krygier: I think it's also important to know that, you know, we made a commitment to the project when we entered into it, at least for the design and especially for the construction of it, and it's important to finish the project right.

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Katz: Any further testimony? Come on up. Thanks.

Frank Romanagi: I am with the Portland police bureau, and in charge of the mounted patrol unit, and the patrol unit will be at a temporary site which basically was a trailer. During the winter months, they were unable to train, you know, a hard time using the horses a lot because of the weather and the conditions. This new site, obviously, has cost more than we all, I think, anticipated. It is a site that, you know, there's a lot of discussion on, and a site that has fit the community needs in the sense that it's providing a spot for community policing in the area for the pearl district, old town district, and the business community. The mounted patrols regularly downtown. Provides a service to reduce crime and the fear of crime. They also are very well supported by the pearl district and old town district as they are involved in maintenance crimes down there. Unfortunately, drug dealing down there on a regular basis, drinking in the parks, the mounted patrol provides a great is so to the city of Portland, and to the community in that area. We need, I guess, to spend additional money just to finish the project. Not only is the mounted patrol unit there but the canine unit has moved down there because that facility is available, so we are trying to use, to maximize the use of that space to get the biggest bang for our buck down there. So, we have appreciated the support from pdc. Bgs and the mayor's office in getting it for us because it was very -- it was needed very greatly. Thank you.

Katz: Anybody else want to testify? All right. Roll call.

Francesconi: There are some legitimate issues, including the cost of this, but we have kind of cast our lot with this a while ago, and we voted for it. Now we have got to carry it through. Aye.

Hales: I agree with that. I do believe upon reflection, that this was a mistake. That this choice was expedient but not wise. I share the responsibility for that misstep. But we do have to go ahead and complete the work. I agree with dan. This should certainly be the last change order. Fortunately, I don't think that this project has been so expensive that it will prevent creative redevelopment of the site in a fairly short time. Aye.

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

Katz: Just want to remind everybody that there was an lid and money collected from property owners for the express purpose of having the mounted patrol available for the downtown area and across to the east side. Aye. 1442.

Item 1442.

Katz: This claim needs to be continued until january 2nd. It's not complete yet. Any objections hearing none, so ordered. 147. -- 1447.

Item 1447.

Parsons: Amend lease agreement with cm 2, a nonprofit organization to accelerate the scheduled payments due from the city and authorize payment from the parks and recreation trust fund with repayment from the general fund.

Katz: Commissioner Francesconi?

Francesconi: I think that we have gordon wilson here. I think the president of the board is also here. Let me introduce it this way. It is an important part of our, taking care of our kids in the city, and making us more family-friendly. And the good news is, there's no capital, there's no money owd for capital. Because of the generosity of the rotary, nike, and others, and the people sitting in this table who raised a lot of money. As well as the city of Portland, when we negotiated a land swap with omsi. That's all the good news. And it has been very popular and very successful, and you are doing a very good job. The bad news is, that maybe we overestimated numbers in terms of attendance, especially through some circumstances after september 11, and we may have been a little ambitious on the program side. The other good news, is that we have money set aside to

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cover this contingency. Which we have to amend in an ordinance here because it was \$6,000 off, so I have a substitute ordinance in a minute that we will offer. I guess before I offer this amendment, I want to thank the new management team here for making some tough choices. It's hard to lay people off, and it's hard to have people go part-time and it's hard to make some tough decisions. But it is very important that you did that for the future of the museum. The only other thing that I want to tell the council is, I have also issued a memo, kind of asking, parks and the office of management and finance who doesn't have enough to do, to do quarterly review it is of your progress, just to make sure that we're on track with the new plan. There is money set aside, but we are using it sooner. I am confident that this is more realistic plan, but something on behalf of the taxpayers, we need to monitor quarterly. Okay. Now, I guess at this time, I want to offer the substitute.

Katz: Motion to introduce the substitute?

Hales: Second.

Katz: Do I hear a, a motion and a second?

Saltzman: Motion.

Katz: Any objections hearing none --

*******:** Go ahead.

Trond Ingvaldsen, President of the Board of CM2: Mayor, counselors, my name is tron ingvaldsen, president of the board of the cm-2. Jim made a very good case for us here, and I am not sure if I have a lot to add to that, but the fact is that we had overestimated our projections, how many people we would get up at the museum on an annual basis. Those projections were best made on the best information that we had at the time. Obviously, it has not kicked in for several reasons. We were doing great in the summer. Then things tapered off after september 11. The economy has gone into a tail spin, so based on that, and the realization that we would not hit the budget this year, we made some serious cuts up there to get the budget in line with the projected revenues. The new projections we feel are conservative and the request areas for us to get this money accelerated into this year, so that, there is always a three to four-month lag in the system before all the cuts kick in, and we get down to the, the balanced budget, basically. So, that's where we are coming to city council to ask that the money be accelerated and we are not asking for additional money, just a timing issue here. I also would like to introduce margaret I canman, she was just appointed the executive director on monday. She has been in the thicket of this through this difficult time. She has done a great job, and I know that with margaret's leadership up there, we are in great shape and have a great basis for moving forward and make this a great success. I also wants to that we are projected this year to have over 200,000 visitors at the museum, which is more than double what we had at the old museum up at lair hill park, so I agree that this is really a success, and there are just some adjustments that we needed to make. Thank you.

Katz: Go ahead.

Saltzman: I think, I had asked to have this pulled, too, before I found out that commissioner Francesconi was pulling it. My concern is that the children's museum has done a fantastic job of raising the capital to build a new museum with our help and the help of many other outstanding organizations. I guess when I saw this proposal to accelerate a five-year payment into three years, and in conjunction with hearing that part of the reason is that your fundraising operation has not really gotten up and running like it should, I mean, that sends off a red flag to me. Because you know, we are giving you -- we are fronting you more money now without any assurance, necessarily, that you are not going to come back to us in year four and say, you know, we need more, once again, our fundraising hasn't lived up to what it will be. Can you assure us that that will

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not be the situation? You won't come back in year four and ask for additional revenues because your fundraising operation hasn't achieved what it should?

Ingvaldsen: Yeah. I will assure thaw we will not come back. And the reason we reduced the budget is to get down to a level of expenses where we don't have to fundraisers large sums of money. Right now, I think we need to raise about 350,000 on an annual basis, that is in line with what we raised at the old museum. And just as a comment, this is a very difficult time to raise money for nonprofits. We are not the only one in Portland that is struggling right now because the economy, september 11, and so forth, so, but I also wanted to say that, the board, itself, over the last 14 months have actually pledged and paid over \$100,000 -- \$120,000 to, as a commitment to the museum, so hopefully, that will give you some assurances that they will not come back. Certainly, we are very committed to this.

Gordon Wilson, Portland Parks and Recreation: Gordon wilson, Portland parks and recreation, let me also answer your question. This situation is unlike the situations that may look similar, like with omsi or pge park. Here, there's no construction debt. That's really significant. When you need to make a correction in the amount of staffing, you can do it, so the problem is fixable. That's because of the fundraising that, that the, the board and the rotary and a whole lot of people did, as well as some conservatism about how to complete the project. It is a problem, but it is solvable, and I feel -- I reviewed their most recent promotions and I feel very comfortable with, with the level of revenue that they are now projecting. So, I think that it's a safe, a safe bet.

Katz: So, let me -- what you are saying is that they will be able to deal with their resources based on the ability to reduce your staffing.

Wilson: Right.

Katz: Okay. So it's managable?

Wilson: Yes. That's correct. There is no debt service.

Katz: Anybody else want to testify? Roll call.

Ingvaldsen: Can I just make one comment? I just want to say thank you to the city for all the support that you have given us. This has been a great partnership. A lot of businesses in Portland and the city, and involvement in this project has been great too, thanks a lot.

Katz: Thank you. Roll call.

Francesconi: The feeling is mutual. Without a board willing to do the time and invest money in this thing, and without a board willing to do the tough things, which is already reduce the staff, we wouldn't be in this position of supporting it, but you already made those tough decisions. As a result, this is also tremendous asset, it has gone from 8,000 visits to the children visiting, and to 200,000, as you just emphasized. Now, we projected 350,000, which was a little ambitious, but with your leadership, we will get there, so thank you for all you do. Aye.

Hales: I think it's important to reflect on this. I am pleased to vote for this, particular item, but I think one of the least well told stories in Portland is about this long standing relationship that we have between the private nonprofit sector and the city and parks. And sometimes one partner is stronger than the other, and it's a really old tradition. It goes all the way back to the saving of the pittock manning, or maybe earlier than that, but that was a dramatic example where it was saved from imminent destruction in the next couple of weeks by a bunch of citizens who worked with the park's bureau, and you know the rest of the story, and sometimes, we're the stronger partner, the mayor has the fundraising for the classical chinese garden but now the classical chinese garden facility is doing a great job of operating the facility, the pir, the japanese garden, the list goes on and on and on. And I think it's one of the least well told stories about Portland's success, and there are going to be times when our private nonprofit partner needs a little extra help from us, and there

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are times when they turn around and help us, the nonprofits that use waterfront park put half a million dollars or more into the capital construction of the improvements out there. The softball association, of all people, put half a million dollars into the new softball complex in delta park and now they operate it, and director jordon has done a great job of fostering these relationships. Jim, this particular one, on the children's museum is a winner, but I think that context, this is how we do business in Portland, is very important to you in your work, and has contributed a huge amount to the vitality of this city and the chain of assets that we have in the park system. So, this particular incident is fine. I am glad you don't think you will need more help from us, but if the worst happens and you do, I am ready, and I think the rest of the council is, as well, because on the long run, this partnership has delivered a lot more than tax dollars ever could have to our citizens. So, keep up the good work, and jim, again, kudos for this particular partnership. It's a winner, a great facility, good luck to you. Aye.

Saltzman: Well, I also agree this is a fantastic partnership, and it's a great project. I just feel that it is my responsibility to, when I see red flags, to raise those red flags publicly, and I feel comfortable that those are being addressed. I am also glad that omf will be playing more of an active role here in working with you to, you know, manage your cash flow, and your commitment to not come back to us, although, you know, I guess I will keep the door open a crack, too, but I am just telling you right now that I hope that door doesn't get opened. And I hope that that will be accomplished through more successful fundraising and more attendance back on track. Aye.

Sten: I think it's a good strategy, aye.

Katz: I wish you luck, as a former fundraiser, it's a tough business. Any, any economic condition, but you do a wonderful job. Aye. All right. Item 1455.

Item 1455.

Parsons: Authorize the city attorney to intervene and participate in the Oregon public utility commission review of the application of northwest natural to acquire Portland general electric company.

Katz: Larry? Come on up. You have three minutes.

*****: Thank you, mayor Katz, and members of the city council. I certainly --

Katz: Larry, identify yourself for the record.

Latty Tuttle: Oh, I forget that every time, don't i. I am going to work on that. My name is larry tuttle, and I am here to testify on the proposed resolution to authorizing the city to intervene in a rate, or accuse me, in a case before the public utility commission. I'm testifying as an individual. I certainly am in support of the intervention. I believe there's a couple of matters, though, that should be cleared up, and modified in the resolution before it moves forward. The resolution carries forward the common mistake that's been perpetuated, I believe, in reporting, and that is that somehow natural, northwest natural is acquiring Portland general electric. In fact, it is northwest natural holding company that is acquiring both Portland general electric and northwest natural gas company. Accordingly, the new entity is going to come under the provisions of the charter that relate to both franchises and public utilities. We are correcting this in the resolution. I think it will be more accurately direct the staff in their matter of the intervention. Secondly, as you know, I have been a long-time advocate of the city bringing its franchises into the modern era. The city auditor and the city energy office have frequently suggested that the franchises of both Portland general electric and northwest natural are likely not valid. I think this is a great opportunity, as a part of this action before the puc, given the fact there is another entity involved to get those franchises in place before the public utility commission signs off on its final order. I think that's particularly an porn thing to do, given the volatility of the financial markets and the energy market,

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plus, by any stretch, this transaction in which northwest natural will be acquiring the other two entities. It is significantly leveraged transaction. There's a lot of debt involved, and we can see from looking at enron, as well as other entities, what happens when you have a highly leveraged entity in this market. So, I certainly encourage the intervention, but I believe that the city's position would be strengthened and the position of the, of the electric, and other consumers in this city, would also be strengthened by intervening with these corrections. There's one other comment I would like to make, and that has to do with enron and the bankruptcy court, and I think this needs at least to be put in the back of people's mind. You know, in my early years as an investment banker and a banker, don't be -- the fact that the federal bankruptcy court cannot reach much further than what has been discussed in the press. I believe that there is a real possibility that the bankruptcy court could reach the Portland general electric assets in the current bankruptcy proceeding.

Katz: Thank you. Ben, the issue of the holding company, in terms of the accurate description in this?

Ben Walters: As this is merely a resolution authorizing the intervention, i'm not sure that it's necessary to get those particulars. Those are flecked in the petition that's been drafted that will be submitted to the opuc, following the approval and authorization.

Katz: So northwest natural holding company is deflected in the petition to the puc?

Walters: Right. And I will be filing later on today or tomorrow after the council authorizes the intervention.

Katz: Okay.

Walters: And I will be happy to share that petition with mr. Tuttle.

Katz: All right. Thank you. Anybody else want to testify? Roll call.

Francesconi: Well, I appreciate commissioner Sten bringing forth this resolution, and I really support the intervention, primarily for the reason that we have an obligation towards our low income consumers and small businesses to look after the price of power, as well as to pursue the issues of conservation of our resources, and I think that was the intent and the reason behind intervening. Having said that, I think comparing enron to northwest natural gas is kind of like going from the prince of darkness to the prince of light. In my opinion here, this is a good deal for the city of Portland, for the citizens of Portland having northwest natural take over pge. I think this is in our interest. It relates to us in a lot of ways in terms of the provision of power, as well as having a good corporate citizen located here who has demonstrated that, and so I wanted to make that clear, as well. Aye.

Hales: Aye.

Saltzman: Well, I think this is, this is very appropriate the city does have an interest in this proceeding, and while I share commissioner Francesconi's personal thoughts about northwest natural, I think they are a great company, and I think that this merger couldn't come at a better time for the sake of the employees of pge. But, it is always the city's obligation to look out for our citizens, and also to not be unmindful of the fact that we are served by a single utility, a monopoly situation, and that is something that always dictates the public interest, be a representative of the proceeding, and in this case, that will be repped by us. Aye.

Sten: Well, I was going to put this on consent because this isn't the actual intervention but it's great if people want to talk about it at this point. I have been an advocate for a different model than the prior one we followed. I don't think it has worked. The open competition. And have thought that we should do a hybrid where we have some municipal ownership and private management. That has not been an idea that has caught fire but I think it makes sense. In this case, I do think

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that the acquisition by northwest natural is a good thing, and in no way is the intervention designed to try and say that should not happen. There's two issues we always try and address in our comments, and intervention, basically, just means the city comments to the puc, who ultimately makes the decision, and those are to the conservation and energy products, so we are going to do that. The one thing that's unusual that I want to make sure that we get done, I think that mr. Tuttle is right we will be asking the puc, which I think that northwest natural tends to do voluntarily but part of the transfer agreement combines both sides to getting a current franchise. Whether or not the franchise is valid, is a dispute of great legal distinction that the lawyers will argue, what's beyond argument, is that it's ancient, and, and in absolute need of an I couldn't date, so we would like to -- which northwest natural, I expect to, agree to, requires on a clear time line that we get a permitted franchise that's in place for the new entity, that's current, makes sense, and is comprehensive. So, that's the purpose of the intervention, and I think it should go well. And on the technical matter, I think mr. Tuttle is totally right, and we will make sure that that is absolutely accurate. , which I think it was in the legal document, but not in the resolution I brought forward, aye.

Katz: Let me just echo what commissioner Sten just said with regard to mr. Tuttle's request that we have a franchise in place in modern times, and the modern era. And I hope that that, that is included in the work we are going to be doing. I also think that we need to be diligent in our review of this, just in case the bankruptcy court can reach beyond enron to pge. We need to keep our eyes and ears open on that possibility. Aye. I think we have done the consent. All right. Time certain. Item 1432.

Item 1432.

Katz: Let me -- I don't really needs to much, other than when we hired tim to do what all of you wanted him to do, was to bring us into the 21st century. We also wanted him to do, and he made that recommendation to us, that he needed to create a strategic plan and begin directing the staff for implementation, and you will hear two of them presented today from the office of finance and management. So, this is tim's.

Tim Grewe: Thank you, mayor Katz. Members of the council. I am tim, chief administrative officer for the city. This morning, we have separate but interrelated actions before the council. The first, is as the mayor discussed, your consideration of the office of management of finance, strategic plan. That will be followed by your consideration of the human resources strategic plan. We will then consider adoption of the human resource administrative rules and related actions. And finally, we will consider the nonrepresentative classification and compensation plan. We will take up each of these actions individually, mean that go we will give you a brief overview of the ordinance. We will respond to council's questions, hear public testimony, and then receive council direction. So, if that approach is okay, I will go ahead and jump right in at this point. Since I reviewed the strategic plan with your offices, I will not make a whole lot more comment on it, but I think it's important to put it in some context. The office of management of finance, now that it's create, is a very complex organization. We currently consist of eight bureaus. 40 divisions, and over 400 employees. Since you formed the organization, we have been working very hard, not only in implementing the \$12 million in administrative reductions, identified through the administrative services review process, but also, to change our business practices as we outlined in the omf framework plan that you adopted last july. As outlined within that framework plan, each service area, either currently has or is in the process of developing a defined management system. That system consists of a multi-year strategic plan, or their service area, a financial plan for each of the funds supervised by the office of management of finance, a cost of service study that leads to a

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clear consistent methodology for the establishment of rates, and a methodology that is communicated to our customers. We also have a management system service agreements with each of our operating bureaus within the city. And a system to praise individual and organizational performance and finally, and probably most importantly, our management system will include having clear policies and administrative procedures that help us conduct the businesses, business that we are assigned. All this work, on this management system, is being done while we continue our normal business activity within the city. Be it getting the paychecks out every two weeks on time every time, be it doing recruitments or processing accounting transactions in five days or less, or maintaining the city's technology and emergency communications infrastructure or the city's fleet or providing printing services and many, many other services. Today's actions reflect this approach to managing the city's support services. To provide guidance to this effort and to begin we have we have to get together the fabric of this organization, it was necessary to complete a strategic plan for the office. We needed a common mission, common values to guide the organization and the services we provide over the next three to five years. To accomplish this, the leadership team developed the participatory process, which include the review of both internal and external trends, that may impact the services we provide. We then developed strategies for addressing the issues identified. Over 100 people participated in this process, consisting of both omf employees, our customers, and external experts. So, the strategic plan hopefully represents not just the internal stakeholders, but also, our external stakeholders. Briefly, we have defined our mission as provide leadership, management, and stewardship in supporting the administrative and operational needs of the city to enhance quality service delivery to the public. To guide us in achieving that mission, we have developed seven values. They range from customer focus to keeping a strategic perspective, to including conducting our business in a manner that is environmentally sustainable. With the assistance of the stakeholders, we have identified five strategic directives to guide us into the future. To strengthen the organizational leadership and stewardship by continuous improvement and assuring that the services are provided in a competitive manner with consistent levels of quality. Our second strategy is that we will continue to develop an expert workforce and workplace based upon the values of accountability, stewardship, inclusion, and quality service. The third strategic direction is to enhance management skills throughout our organization through training, team building, performance management, and other management approaches. Fourth, we will seek the maximized cost effective use of technology and all aspects of our work. In the near future I will be bringing to you an investment business plan for your consideration that will promote at its heart, advancing city operations in the areas of e-commerce, e-business, and e-government. And finally, our fifth strategic direction is to strengthen the collaborative partnerships with our internal and external customers. At the hart of this will be to establish service standards and to take on partnering with other organizations to meet our internal service requirements. Following your direction today, our teams will be formed to complete action plans for each of these strategic directions. Those plans will incorporate all the work that you have authorized up to this time, be it the administrative service review process, or the framework plans. So, this will build upon those plans. And I will stop there and answer your questions, other than to just say that following this, you will see one of those lower level strategic plans coming before you, the hr strategic. It has been done in a manner that's consistent with the overall strategic plan for the office of management of finance.

Katz: Thank you. Questions? All right. Public testimony? All right. Okay. Roll call.

Francesconi: Tim, although there were no questions, and no public testimony, that should not take away from the significance of this. I underestimated the importance of strategic plans until I was

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part of the school of strategic plan, and I have seen what has tried to flow from that, so when you try to get an organization and bring it together, as you are trying to create, at the same time you are trying to save \$12 million, and it has to be value-based and mission driven and there have to be some specifics to it. So we ask you to do a lot. We ask your team to do a lot. But, I am not sure we sometimes tell you how much we appreciate your work and this is a very good example. So I have sent a copy of this strategic plan to my bureaus, and I have asked them to try to work on things. It's done to different degrees. But this is a pattern that frankly, we need to figure out how to adopt as a council where we have a common mission, common values and strategic plan objectives. So, there is some bumps and we will disagree on this things, but I particularly appreciate your emphasis on the workforce, your workers and training, and providing an inclusive environment. Now, these are goals that we always -- we don't meet, but the idea is to set the bar high so that we strive towards them, and that's what we need to try to do. Aye.

Hales: Aye. **Saltzman:** Aye. **Sten:** Good job, aye.

Katz: Thank you, tim. Aye. 143.

Item 1433

Katz: Let me add a few words before yvonne starts on this I don't know how many of you recall, but when I first came into office, I asked the question about what are our policies and the answer was, from which bureau. And I asked some other questions, and it appeared that we really didn't have a system for the city, and we had an interim director of human resources, if you recall, and we tried to move a vision and a mission and began to have conversations with city employees on a human resources strategic plan, and where we go from here, and unfortunately, it ran into several roadblocks, and you are going to hear some of those roadblocks probably expressed again today. And so, I backed off, figuring well, maybe at some point we will have a, a human resources director who is not an interim, and resources director, and give that individual the task, so what's before you is the same approach you just heard from tim grew in terms of how to begin looking at this city and developing a system for the bureau of human resources.

Yvonne Deckard, Director of Bureau of Human Resources: Thank you. Good morning, mayor, and council. I am yvonne deckard and I am director of the department of human resources. I am honored to be here today to present the bureau of human resources strategic plan. On february 14th, council approved a recommendation made by the chief administrative officer and myself to reorganize the delivery of human resources services. This strategic plan responds to council's request for an improved city-wide human resources system. As a guideline, we used the 1993 city auditor's report, which stated the need for strategic plan with a clear mission and vision. We also used a 2000 assessment of the city-wide human resources system report, which also stated the need for an hr strategic plan. Council identified problems with the city-wide hr system, has given direction to make the needed improvements. This plan describes the approach that we believe best positioned the council and the city. The senior managers of the bureau of human resources have been meeting to develop the strategic plan document since march 1st of 2001. This plan provides council with a mission to provide leadership and expertise in attracting, developing, and sustaining a diverse workforce committed to quality public service. A vision, the city of Portland, is an employer of choice where people are proud to work. Values and goals for a city-wide hr system. And offers focus, accountability, and services. The strategic plan defines the framework for the city council and our customers to evaluate the hr system and to make informed decisions about the impact of changes on those systems. It is an ambitious plan, and that's exciting. The hr senior staff developed the strategies, benchmarks, success indicators and time lines. Accountability for achieving success and meeting time lines have been assigned and senior

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managers, senior staff members have included them in their individual performance plans. A dynamic document spanning a three-year period, it provides us the flexibility necessary to address challenges the city will face in the future due to ballot measures, economic uncertainty, and other regulatory issues. We have laid out six goals with strategies and measurable indicators for the success of each. This plan calls for new approaches in the areas of labor relations, diversity, communications, organizational effectiveness, and employer relations. And recognizes our responsibility as stewards for the city's resources. I want to express my appreciation to my team, to Tim Grew, to the council, and to all who contribute to the quality of product we bring to you today. On behalf of the talented team of professionals in the bureau of human resources, I ask you to adopt this resolution.

Katz: Thank you very much. Did you want to add anything? Tim, did you want to add anything? Council has any questions? Testimony? Roll call.

Francesconi: I am not going to repeat all I just said, but I want to emphasize two parts. Again, it doesn't mean our behavior is where it needs to be. But, if we don't know, I think, where we are going, we are certainly never going to get there, and your strategic plan helps. I just want to two things. One is, to foster a work environment that attracts and retains talented individuals, by providing support and opportunity for achievement, so you have listed that as a specific goal, and you have five or six different specific strategies with time lines, as to how to implement it. And then the other is something that we have long aspired as a city council, but haven't -- and as a workforce but haven't gotten there, and that is how do we diversify our organization, and in section three, you lay out some specific steps with time lines for the first time, as to when we are going to get our action plans in, and for the first time, I am actually, by June of 2002, to be implemented by July of 2002, bureau managers are going to be measured on their performance based upon how they are doing in diversifying their workforce and making it an inclusive workforce. Without that tool, I don't think that we are ever going to get where we need to be, so you have been specific. It's taken some guts on your part to put it there. You said you would make a more effective program when we separated for the, from the county. And by coming through with this strategic plan the way you have, you are delivering that commitment and you are going to make us a better city. Thank you. Aye.

Saltzman: Well, this is good work, and I think it does set out a framework for us to aspire to be a government that really serves our customers well, treats our employees well, and it accomplishes and sets a higher bar for diversifying our workforce. And I like the fact that it's only about 20 pages, too. I am used to seeing strategic plans, you know, about triple that thickness. 20 pages really helps people read these things, actually when, they are 20 pages. Aye.

Sten: It's an excellent strategy, and I appreciate all the hard work that's gone into it. We will see in a minute how hard it's going to be to implement all the different pieces. [laughter]

Sten: But, you can't implement anything without a good road map, and I think we have that, and I am looking forward to working with you on it. Aye.

Katz: It's about time. Aye. All right. 1434.

Item 1434.

*****: Madam mayor?

Katz: I was going to ask if people wanted to -- I want to remove the emergency clause, is that what you were going to do?

*****: Right.

Katz: Any objections to hearing that? Let me -- hearing none, okay, it's removed. Let me tell you why we are removing it, via the substitution for removal. I think there's going to be a lot of

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discussion and i'm sure that this, this will give the council an opportunity to raise some issues and give some instructions before we come back for a final vote. And so that's the reason for doing that. Let me continue my introduction. Part of the questions that I naively raised when I was first introduced to this issue of human resources, that I thought was relatively an easy task for human resource manager, I think is probably one of the more difficult tasks anywhere in any organization, was the question why are we doing what we're doing. And the answer was, well, it's in our charter. It's in, in some legal document, and when we reviewed the legal document, it was very clear, it's nowhere. In some cases, they may have been, there may have been some references that were codified in some legal document. It was history. It was tradition. It was precedent. It was, this is the way we have always done it, and if you recall when commissioner Hales and I came on the council, we had a pin with, with a slash. This is the way we have always done it. And a lot of the issues that you are going to be hearing from yvonne and the cast of experts that she and her team have been working on, relates to some of these issues. Some are legal issues. Some are historical issues. A lot of these issues need to be changed, as well. So, with that introduction, yvonne, why don't you start.

Deckard: Okay. Once again, good morning. Mayor and commissioners. My name is yvonne deckard, the director of the bureau of human resources. Over the past several years, a number of assessments have been performed on the city's human resources system --

Katz: Can everybody hear? No. Move it --

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

Katz: And also on this one, there are -- why don't you just do the presentation and then don't let me forget to accept the amendments and talk a little bit about them.

Deckard: Okay. Over the past several years, a number of assessments have been performed on the city's human resources system, and they have generally reached the same conclusion. The charter and the city personnel policies have not kept pace with the changing dynamics of the workforce and business needs of the bureau. No individual or group is responsible for personnel policy development, implementation, dissemination, or communication. There is no single comprehensive data base, manual, or collection of human resources policies creating inconsistent application of policy and inequity in how human resources issues are addressed throughout the city. There are no standards of accountability for managers to insure action and consistency with city-wide human resources policies. Human resources policies are often in response to crises, rather than strategic activity. We need uniform and assessable rules in order to implement a comprehensive model for delivery of human resources system city-wide. In 1993, as a part of her review, for the bureau of human resources, the city auditor recommended adopting streamline rules and policies. In 2000, aldrige, killbright conducted a city-wide assessment of our human resources system and concluded that the city needed to streamline its rules and policy. In early 2000, the bureau of human resources began a policy audit to identify existing city-wide and bureau-specific policies, gaps in policies, and/or outdated policies. And in 2001, the administrative service review process echoed the same need. With city bureau director stating that no matter what hr structure the city council adopted, if we did not streamline our rules, policies, and practices, the hr system would not work. And ken is here to talk with you about the model, the process, and key changes in the administrative rules.

Anna Kanwit, Operations Manager, Bureau of Human Resources: Thank you, yvonne. I am anna. I am the operation's manager for the bureau of human resources. Good morning, mayor, and members of council. As yvonne stated, I wanted to talk about the model we used to approach this project and the process we used in developing the rules, and then I will highlight the major

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changes. Our model was using the strategic direction set by council in its adoption of the administrative services review recommendations of the reorganization of the bureau of human resources, as well as the framework plan for the bureau of human resources, and the input that we received from meetings with bureau directors concerning the, the desired direction for the human resources rules. Our plan was to have a first level, first draft of those rules out to those stakeholders. The council labor leaders and bureau directors, and then having done that, with a green light for our strategic direction, proceed to disseminate the inequity draft of the rules out to employees, as well. We focused with that review on feedback and input from employees, bureau managers, labor representatives, as opposed to stated change in the strategic direction, which was set by council. The process that we used in developing the rules, as yvonne mentioned in march of 2000, we conducted a policy audit. Julie Kennedy, who is a graduate student at the Hatfield School of Government is working for BHR and conducted that audit. Met with many people out in the bureau and found out what the holes were, where we needed additional rules and policies, what the problems were, and again, very consistent feedback that the lack of a uniform system led to a very inefficient system. I mean, people would have to go upwards of half a dozen places to get answers to what should have been simple questions, in lead issues or employee behavior kinds of questions. Julie Kennedy also looked at best practices based both on her studies in, with PSU and also on a review of best practices, various public jurisdictions. In January of 2000, when I started with the bureau, I also offered to meet with all bureau directors, met with a good number of bureau directors and labor leaders to get similar input in terms of the, what the changes they would like to see and again, consistency was one of the major issues that we saw, particularly from the labor leaders, that we had rules that should have been applied city-wide, but we had varying practices, depending on what bureau or office you worked for. It didn't make any difference what classification you were in, it mattered where you were assigned to work. That was a concern. Too many levels for the rules. Again, you had to look at the charter. You had to look at a couple of chapters in the city code. You would have to look at personnel rules. You would have to know that there were policies adopted by council, by an ordinance or resolution that governed employee behavior. But were never codified anywhere. City use of, of, use of city resources, is a prime example. The use of internet technologies, catastrophic leave program. You would have a very hard time actually locating these policies to know they existed. Members of the public certainly cannot access in any meaningful way any of the rules that govern city employees.

Katz: Let me just interrupt you because I had to smile. We asked for policies from all of the bureaus, and we received volumes and volumes of policies but they were never anywhere that anybody could find them.

Kanwit: And one of the, some of the other issues from the meetings with the bureau directors was a plea to reevaluate the bumping process. It was seen as very disruptive and outdated. A plea for streamlined recruitment and selection processes, which also related back to the statements. I believe made by Commissioner Francesconi and the adoption of the ASR recommendations in order to function with a 10% cut, we better streamline some of the ways we are doing business and get more efficient. Concerns about uniform pay practices for exempt employees. We found, as of October of this year, we spent about, almost half a million dollars in overtime for employees who, who were not entitled overtime by law but again, we had varying practices across the city of how we were compensating those individuals. We also met with labor leaders, as I mentioned, and they had similar concerns. In March, we had a policy committee consisted of nearly 20 people that actually then did the hard work. Looking at the existing rules and policies and trying to bring those into a uniform system and again, in one place. In July, the first draft went out to elected officials,

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labor leaders, bureau directors, and hr professionals. In september, we advised employees of the status of the project and that the rules will be going out to employees for review and comment, and that occurred in october. We did receive volumes of feedback and commence and in november, we did send out a couple of communications to employees, advising them of some major changes that we had made in response of that feedback. During the first two weeks of december, we had informational meetings, one with bureau directors. And during that meeting, there was uniform support for the direction that we were taking the rules in. The only item of discussion concerned one of the exceptions in terms of overtime for the exempt employees. We had four, I think it was four informational meetings, four employees. Again, received a lot of questions, a lot of hard questions. Lots of comments. But, we were not getting a lot of new issues based on the information that we had received back in october and november. We saw similar things and not surprising, of course, one of the primary areas of concern was the change in bumping that we will address in a moment. The rules were disseminated to council. The labor leaders and the city and to all the bureau directors. That, on december 4th. We have a requirement in the existing personnel rules that those -- that those stakeholders receive the rules, at least 15 days prior to adoption, or hearing of the rules. That, we also had a notice and comment period at that point, again, that's actually required by charter. The 15-day is the notice period, but the charter also requires us to provide an opportunity from people to again, provide input on the rules, and we, again, made some changes, based on that input, and that's why there is an amended ordinance before you today on the rules. We did have a glitch on how we, we posted those rules. We used the adobe five format on the website. We used that for security issues, so the rules were not printable or being able to download them because obviously, they weren't final, and won't be final until adopted by council. We found that we had two bureaus that are in the lockdown mode and simply couldn't download the upgrade. And had we known that, we would have provided that a few days earlier so the changes could be made. And a point of fact, the city will have to move to adobe five format because that's ada compliant. The other format is not ada compliant and should not be used. As I said, we incorporated the feedback, that's why you have the amended ordinance and we found the opportunities did exist for feedback from managers and employees concerning the rules. One other point, I guess, well, one thing I wanted to say about the overall results of the work that done over the last year and a half, as you know from the ordinance, we have -- recommending repealing chapter 4 of the city code, the current personnel rules, and all of the other various ordinances and resolutions that are out there that contain rules governing employees, and those have all been incorporated into the human resources administrative rules, which will be available in hard copy but more importantly, will be on a website, so that there is uniform access both for employees and the public. The rules do comply with the strategic directions set by council, again, both the administrative review and the framework plan that stress the key, one of the keys to the successful transition to the new structure is clearly stated. Rules have been a single entity responsible for policy development, increase the efficiencies, eliminating outdated practices and consist of an application of the hr rules, and that's what we believe the rules before you accomplish. One final comment before I address the major changes, and that is charter authority. The director of bhr is in a somewhat unique position because she has duties that actually stemmed from a charge in the charter. And not from a charge in the city code. And there are two directives that stem from the charter. One is that the director of bureau of human resources is to make rules to carry out the purpose of the chapter, and that's what we have done with these rules. And the second is a charge to bring to council a report on the use of temporary employees, and I mentioned that because it does concern one of the changes in the rules. Major changes as we have mentioned,

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the single repository for hr rules, and again, that's important because it is an efficiency issue, no longer should a person have to go to, again, five, six places to find out what rules apply. They are now -- they now are in one place. They are cross-referenced. There is hyper links so that you can find various forms. Those will all be on the website, so it should increase both the user friendliness of the rules and again, the ability to, to find out answers to questions without having to ask a lot of people. The uniform format for the city-wide rules, this is the format that will be adopted, actually, for all administrative rules in the city as part of the, of the pbd project and putting all rules and electronic format. Again, the benefits of this, is user friendly. It's easier to read. And find out what components are in the rules when everything is in the same format. As I mentioned, we have put in place a procedure for rule development in, the past, we have done it really on an ad hoc basis, and unfortunately, instead of taking a strategic approach to human resources rules, it's been crisis management. The issue comes up. We respond with the rule, and just as bad facts make bad law, generally, that kind of crisis management makes bad rules so, we have a process in place that incorporates involving various stakeholders, and very importantly, also incorporates as part of that rule development, the need to look at best practices, what we are trying to develop is a dynamic system that is, I think, mayor Katz, you mentioned, brings us into the 21st century. We are put in place a more efficient position control system. Again, this gets back to the directive on the use of temporary employees and the concern that an overuse, circumstance vents the civil service system.

The way things currently are, there is no way for yvonne to carry out that responsibility because we have no idea what's out there. We have varying people in temporary positions as overfills, underfills, temporary hires that have not been gone through the system, so this is an issue where we have put some constraints on it. Once we find out what's out there, and we can actually do all of the reporting, we fully intend to provide more increased flexibility in this area. We have updated language in this current code that's either old or simply illegal. For example, the current city code still contains mandatory retirement of city employees at age 70. That's been illegal for a couple of decades, but it's still in our code. There are a custom issues like that. So we have cleaned that up. We are very pleased with a comprehensive policy that prohibits workplace harassment and discrimination. Now, of course, we have rules in place before, but there's a key difference here. The rules that we have had in the city and in the affirmative action plan have prohibited the illegal discrimination and illegal harassment. That is a different standard, and for example, if an employee were to use a racial epithet to a co-worker or supervisor, that is not going to give rise to illegal discrimination. Doesn't violate that rule, and what I found is we would search around for a place to label for that so, we could deal with the behavior, most often, discourteous behavior. What we have done in this rule is foster, we believe, an atmosphere of respect, professionalism, and a clear message that behavior that we would consider inappropriate harassment discrimination is not to be tolerated. It does not have to violate the various federal and state laws to get to that level. We have done a number of things to streamline recruitment and selection. Online recruitments allowing the use of unranked and noncompetitive exams and direct response to issues that we had, particularly in recruiting professional level employees. We take so long that by the time we actually make a job offer, they found work elsewhere. Also, in terms of how we are looking at test item appeals, and we have piloted several of these change, and they have been very well received to date by our client bureaus. As I mentioned, we have, the rules implement the uniform system for compensating fsia exempt employees. Those employees are not entitled to overtime under the fair labor standards act. And we have put in place, instead, a comprehensive management policy, and eliminated with two exceptions, the varying practices that we had granting overtime for different reasons for those employees. Bumping. There is, obviously, a change here. We have had

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bumping city-wide, so someone can go from bureau-to-bureau. It's interesting in 1993, in the auditor's review that yvonne mentioned, a criticism as a best practice from civil service reformers was aimed at bumping, and they state it had led to government employees taking lower level positions. They were not particularly interested in and had an adverse effect on productivity. Also, recognize that it can be extremely disruptive practice, and in fact, stated from a book called reinventing government that in new jersey, at the time the state had bumping, for 1,000 people that actually were bumped, 20,000 employees were adversely impacted. Because they had bumping, wise spread bumping. In our own survey, we found that it's an unusual practice. Virtually unheard of in the private sector, in the metropolitan public jurisdictions that we looked at, and the state of Oregon, many do not allow bumping at all for nonrepresented employees, the ones that do provide bumping, only within a bureau or department, and that's what we have in these rules. We have eliminated, proposed to eliminate city-wide bumping but retained it within the bureau. So, it is a step in a direction of a more modern and less disruptive practice. We have also put in a rule on redeployment. This goes hand in hand with a change in bumping. And I want to state, although the components of the redeployment program are not fully developed, what's important here is this rule will set council's direction, if it's adopted. And that is a clear statement in black and white that it's the city's intent to hire from within, rather than lay off an employee. So that it gives the bhr director certain tools, and that's in the rule at her disposal to encourage that, placing a hiring freeze, waving a competitive process, and requiring a hiring manager to look at the employee and to provide bone fide reasons why that employee could not perform the job. That is a less disruptive and really best practice approach in terms of protecting employees. With that, yvonne has some more comments.

Deckard: Yeah. I want to address the bumping issue a little bit more because I understand the impact that it has, this change, potential change has on the organization. But, bumping is an outdated business practice that causes disruption and loss of productivity and potentially, increased training costs. The city's work environment is affected by changing technologies, involving, involving business practices, as well as changes in regulatory environment. Once proficient employees are expected to perform as if they have kept up with changing environment, and in most cases, we have found that many have not. As an employer, the city is -- the city has a responsibility to maximize all of its resources to deliver quality service. Bumping is not a mechanism to save jobs. Nor, is it job protection. It is a mechanism for getting rid of the leasing of the employee and has an adverse impact on the minorities and other protective classes because typically, they are our least senior employees. Quality service delivery is affected and that we are unable to develop a workforce that mirrors the diverse communities in which we serve. A policy of redeployment helps the city to achieve the goals at less cost than the outdated practice of bumping. Redeployment creates movement within our system, both doing critical and noncritical times. We are able to assess other skills that employers have outside of their current job assignments and redeploy them in other needed areas. Looking to hire from within an organization before conducting external searches should serve to reduce recruitment costs. In order to be responsive to the needs of the organization, and to service demands of the taxpayer, we must update and realign our practice to limit costs and maximize our resources in all areas. The continuation of bumping, as a practice, is in direct conflict with the city council's diversity goals. In closing, implementation of the successful city-wide hr system requires comprehensive policies and uniform practices. The revised hr administrative rules are an integral part of the strategic plan and are crucial to our creation of a comprehensive city-wide system for effective delivery of h r services to the bureaus. The new rules provided increase flexibility in many areas enabling us to

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meet bureau needs in a changing environment. Equally important, delegating rules, delegating rule adoption authority to the cao whenever possible, allows bhr to respond quickly and proactively as new issues arise. Change is always difficult. And we are proposing significant cultural change. Changes that will position us to better address the challenges with which we are faced with that will insure an effective delivery of services. We are confident implementation of the new administrative rules will finally address shortcomings in the hr system noted by the city auditor, outside consultants, bhr staff -- bhr staff, bureau directors and administrative service review committee. When this is back before council for a second reading, it is my hope that you will adopt the hr administrative rules ordinance.

Katz: Thank you. Did you want to anything? What's the council's pleasure? We have a group of experts that have been waiting patiently. May I recommend that before we go into questioning yvonne and ana, that we hear from the experts, and then -- okay. If that's all right. I am not -- we will go back in a minute after they finish, maybe they -- some of them need to leave.

*****: Thank you. All right. We have a panel a next group.

Katz: These are president, ceos, managing partner, manager. Let me just assume that all of you are part of the outside team?

*****: Yes, we are.

Katz: So go ahead.

*****: And just as an overview comment, identify yourself for the record.

Linda Kozlowski, Managing Partner, Murphy, Symonds & Stowell: My name is linda, managing partner of murphy, symondss and stowell, and just as an overview, joe will start the comments but our comments are summary comments for both the strategic plan and the administrative rules. So, if you are comfortable with that, we are addressing both of those.

Katz: And you are not addressing the, the nonrepresentatives?

*****: No, we are not.

Katz: All right, go ahead.

*****: Somebody move over so that she can get to the mike.

*****: Sorry about that.

Jo Rymer-Culver, President, Protem Staffing, Inc.: Good morning, mayor, and members of the city council, I am jo, the commercial staffing services, and I have been involved with advising businesses in Portland and nationally, in employee performance, and performance objectives, chart practices from a staffing perspective for 20 years. When I was first invited to join the group of the bureau of human resource, I was once proud to serve and somewhat skeptical of what possible use this corporate voice could be to a corporate body. I thought my input would be politely listened to, deemed too pushy, or worse, simply ignored because bottom line, reality thinking often just doesn't work in an environment that traditionally likes to entertain the notion of change, but finds its mechanisms, no matter how dysfunctional, too deeply entrenched. I didn't think there would be much anyone could do to change the system. But, working with yvonne deckert and her team through the strategic work, I no longer feel that way. In fact I have become a big groupy. [laughter]

Rymer-Culver: All through this process, I felt proud to be associated with what I think is a phenomenal piece of work. Outcomes have been reached that will help put Portland on the map as a model for more corporate efficiencies in the hiring and administrative practices. I congratulate the city of Portland and the bureau of human resources for its vision, for its obvious sensitivity and caring for its employees during the past year, and the future as strategies for new standards have been set in place. I have witnessed and heard the bureau of human resources honoring the past,

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while at the same time, looking forward to a new updated more efficient responsible management model. Everything change and there couldn't a better time than now to do business differently. All the approaches and old rules had their place, but it's time to move forward toward real world performance expectations, rather than settling for business as usual. In the heart of a recession, the corporate model that I am used to, more than ever, is about the bottom line competition and performance. It's all about delivering premiere service, and doing the best for those who understand and demand excellence at all times. Can any of us settle for anything less if we want greatness and not just the status quo? Recessions have a way of pinpointing top talent and have very little mercy for excessive overhead and underperformance. Bhr understands this concept well through their hard work and total dedication. They have produced a solid, well thought out strategic plan. A system of accountability for staff, revitalized administrative rules with vital links and clarity to other operating bureaus. As bhr creates the space for people to catch a vision and be part of a new mission, the rest will surely follow in the city of Portland becomes the beneficiary and the standard. The more I have come to know the key players in our bureau of human resources, the more my admiration grows for their hard work, dedication, conviction and courage. They have proved they can deliver, and i, for one, know that they will deliver faster and more accurate services for all customers, external and internal. They have cut through inefficiencies to find the performance answers. They are tireless in their pursuit of raising the standard while at the same time, being aware of the human factor. We can all be proud of what has been accomplished thus far and be proud to be part of a city that has the courage and commitment to change and the vision to move ahead as an example to any other city. In a dying economy, it's time to make efficiencies and increase the expectations. Bhr has created a great thing for council and they need your continued support.

Sheryl Warren, Manager, Personnel Services, State of Oregon: Good morning, mayor Katz, and council members. My name is sheryl warren, the hr director for the Oregon department of consumer and business services. I, too, am proud to have served on your administrative services review task force this year, last year and this year, and to have continued to have served on an ad hoc basis as your system has been implemented through the year. I believe the council has boldly moved forward in restructuring the city's administrative services this year. Such changes are virtually never easy, but they are just totally necessary to move an organization to its next level. The decision that you are facing today to take the next step in your restructuring process is significant, and I believe it's crucial to the city's ability to accomplish its mission within its limited resources. It is the next logical step in realigning your administration. History has taught us that it's important in the public sector to avoid a spoil system. And as an Oregonian, a native Oregonian, and I am proud to say that in Oregon, generally and certainly in the city of Portland, we are proud of running our public sector entities in the light of day, and honoring a system of employment by merit and recording public employees appropriate due process in cases of disagreement over employment decisions. For many years, public employees were generally dependent at a lower level than workers in the private sector, performing similar or comparable jobs. One of the major tradeoffs, if you will, of this lower compensation was a generally higher level of job security for public employees, than private sector employees. Enjoyed. Employment practices have evolved on her the years that codified and perpetuated the compensation gap and greater job security for public sector workers. Now, however, it is appropriate to examine these long standing practices in the workplace climate of today. No longer does the gap between public employee and private sector worker compensation loom as large. Certainly, in some areas, many public sector entities lead the way in good employment practices, such as generous contributions to

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family health insurance and solid pension contributions. The cost of providing public services, however, must be balanced with today's taxpayer expectations of good value for tax dollars paid and excellence in the services delivered. You have an opportunity before you to insure those expectations are met. To do so, changes must be made in the way your managers and employees are assigned and redeploy. Today's proposal will restructure your operations so your workforce can operate in this more flexible and responsive environment. As an employer, your job is to, is to provide a framework that allows your day-to-day operating decision makers the flexibility they need to get the job done as efficiently and effectively as possible. At the end of the day, your challenge is to balance the city's legitimate business needs with your employees' legitimate employment interests. Employees had a legitimate interest in reasonably competitive compensation, freedom from workplace christmas, a safe and helpful work environment, and freedom from arbitrary and capricious actions. They have a desire for continued employment, but they do not have an absolute never-ending right to continued employment. As an employer, you will want to provide a framework for decision making about the size and deployment of your workforce that takes into account that balancing test, the need to balance the city's legitimate business needs with the employee's legitimate employment interests. I endorse of the proposal you have before you today. I think it will work. I believe it is acknowledges and properly balances both the employer and employee interests. Thank you.

Katz: Thank you.

Kozlowski: Thank you, madam mayor, and city council. I am just delighted to be here, I am linda, and I am the managing partner of murphy, simmons and stole. We do senior management consulting and selection, and focus on northwest companies. I really applaud council and the, on its support of what has been historically a very difficult process, as addressed by the mayor, initially. Your review and hopefully your acceptance of the hr administrative rules and strategic plan is a major step in a very important direction. Over the last 15 years, I have participated in at least three different studies, aimed at the functions you are dealing with today. All took a great deal of time. All took a lot of city resources. All ended up in a nice format on somebody's shelf or in some hard drive never to see the light of day. The problems were the same. Silo management. No cross-bureau strategy. Lots of rules created out of perceived precedent, rather than out of administrative rules and then seeing sacrasene. It hindered the strong and good employees from making the decisions they needed to make because of the arbitrary decisions that were sometimes historically based. What we have learned and it took us a while to do this, is that a strategic view developed utilizing a strong hr function. Helps to support an organization under strong leadership, to manage the resources effectively, and particularly, in change. This has never been more true than it is for the city today. With the policies driven by council, and the leadership by council, the organization can be more agile and effective. These tools are necessary to manage and meet the needs of your most important and most expensive resource, and that's your employees. What this plan does is to help support the infrastructure necessary for the city to face the challenges of today, to lay a comprehensive foundation that will allow change to occur. The three major studies that come to the same conclusion are evaluation consistent with a widely held impression is that the city's hr systems were broken and desperately in need of repair. To implement change, a mandate is needed. The will to make the necessary decisions was never there before. And I really believe it may be there today. You have the opportunity to move from an organization that by its very nature is managed in silos to one that takes advantage of the efficiencies available in a holistic organization, allowing a much more strategic view. This approach can effectively meet the city's needs while keeping a larger picture in mind, helping support the decisions council must make in

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order to meet its fiduciary responsibilities. Meeting these challenges will require a commitment to change and will not come without pain. It is the best and most comprehensive plan I have yet to see, and with a strong management of yvonne deckert, the leadership of tim grew, and the vision of the council, you will be making a giant step forward. When I testified before, I quoted a statement, or a saying, and I really believe that, the definition of insanity is doing the same thing over and over again and expecting different results. This change requires a commitment to make tough decisions and move forward. It will not be perfect. But, it is a major step in the right direction, and I strongly encourage you to support the changes presented to you today.

Katz: Thank you, linda.

Matt Hennesse, President/CEO, QuikTrak, Inc.: First of all, to the mayor and to members of the council, my name is matt hennesse. I am the president and ceo of quick track incorporated, and also associate pastor of st. Paul baptist missionary church, of which I expect all five of you to come to at some point in the future.

Francesconi: Why not all 500,000 that are watching.

*******:** That sounds fine to me.

Katz: Matt, how many hours is it? [laughter]

*******:** Actually, we will make it short.

Katz: All right. [laughter]

Hennessee: We will make it short that day. Let me say for the record, right at the start that I am certainly honored to be here and honored and humbled to be a part of this group of experts who have come to share with tim grew and with yvonne deckert and also many of your bureau managers around the city of Portland to really wrestle with what I know is an extremely difficult issue. When we got started again, as many of my peers have said, this was an exercise of which we were not certain what its conclusion would be. We come today really saluting you and saluting tim and saluting yvonne for their tremendous leadership in working together and in working with you to come to where we are right now. Let me also say that I support the strategic plan and the changes in the administrative rules. I think that many of you know, but for those who don't, I served in the public sector for 14 years from the time I left high school and paid my pay through college, as a student at overland college and worked for the city of overland as an assistant city manager working in the police department and then became an assistant city manager in saginaw, michigan, overseeing the police and fire departments and the budget office, became a city manager after that, a state department director here, in the state of Oregon, until I moved to the private sector, 11 years ago. And since then, I have taken moments to really spend time in the public sector, working with you on various ad hoc issues at the state for the city and certainly for metro. So, I respect completely the decisions that have been made. I respect completely the process that you are involved in, as well. Let me also say, that having been involved in all of that public and private stuff, I have also worked with represent and had nonrepresented employee groups. And so, I respect the dynamics that must be taken when you talk about these kind of issues because change is huge, and it causes a lot of strife in organizations. And I know today, after we are done, that there are several people who are going to come and talk about their concern over the administrative rules. Want to say first, that I respect the fact that the public process works. It's important for them to have an opportunity to come forward. Important for there to be a dialogue that says, let's find out what the issues are. But let's also remember, at the bottom line, we are trying to work to make our city, which I love tremendously, and I know that the majority of us who are here do, and an even better and greater place, and certainly, a greater place for employment. So my support is this -- of the strategic plan, of the administrative rules, of the direction and the expectations that are

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there in terms of metrics and measurements and accountability and quite frankly, a report card which is so important, quite frankly, that for those who are very worried about what this change will mean, it does mean that accountability says that for you to continue to be in the positions that you are in, and do the things that you do, that the kinds of reviews and expectation that are necessary will be in place. And I believe the process, madam mayor and members of council, will be fair. I also believe that it is tremendously important that we understand that we can have all the road maps in the world we want. We can have all of the administrative rules that we want. What's important is that we revisit those things every year, every month, to really make sure that this strategic plan does not sit on the shelf and gather dust but that every month, and, and every quarter, there is a review of what's been done. And that we find ourselves living by what this strategic plan and what these administrative rules really say. I do believe in final -- my final comments that the administrative rules really do support trying to make sure that on the one hand, the city of Portland is consistent with some federal laws that are obviously critical as it relates to federal labor standards act. And also, that as it relates to such things, and I won't get into the specifics, as I think was so well done by the operations manager already, I think what it says is we want to be consistent with a strategic plan that we put in place. I look forward to the dialogue that ensues. I look forward to the opportunity of providing whatever other support or comments that you need, and I know that I speak for my colleagues when I say that, but we salute you today and salute tim grew and yvonne deckert and the bureau of hr and indeed, the city of Portland employees as I know this is a very difficult time, but I think on the other side, sometime down the road, we are going to be very proud of the work that's been done. Thank you very much.

Katz: Thank you. Thank you. All right, yvonne and anna and tim. I have a question -- kind of one that I don't know if, if you have given some consideration, came up at a dinner the other night, relating to hiring from within. Is it possible for us to device intergovernmental relations with the county and the state? To hire within public organizations, so that our employees, if there is, there isn't anything available here, before the county or metro or any public jurisdictions has an opening to go public, that they consider a public employee first. Is that a practice? Is that something that you have thought about? I am surprising you because it actually came up just two nights ago.

Grewe: I think the answer probably is that it depends. We currently do consortium hiring, where we have common lists of employees that are eligible for employment, at multiple jurisdictions use, and this has been times in the past, at least in my history in the city, where we got into a downsizing mode or one of our area governments is having financial problems where we have offered to try to object absorb some of the workforce into the, the -- absorb some of the workforce into the city or vice versa, but it requires some kind of competency evaluation or testing process usually, so we could certainly look into that.

Katz: I didn't -- I didn't means to it was an automatic, but --

Deckard: One of the things that has occurred, at least over the last year and a half, I have stayed in contact with most of the other governmental agencies, whether it's the county, clark county, Multnomah county, and as -- and metro, but as we have looked at making cuts, if, if they are not, then I have contacted them to, to let them know what category of employees that we will have, that will be at risk, and make them aware and found out about their hiring practices, and whether or not any of those employees match up. Now, this has been, to this point, an informal process and a relationship that I have established with them. I am not prepared to answer the question of whether or not formally, that we could do something of that nature because I am not necessarily, at this point, familiar enough with their charter or their guidelines to be able to determine that. It certainly is something that, you know, we can certainly beg the question.

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Katz: Fair enough. And it isn't something that we would be able to do alone. We would have to do it with our partners. But it, may be something --

Deckard: If you look at our charter right now, if Multnomah county, or another governmental agency would call us and say, will you take "x" amount of employees. Our charter requires that we go through some kind of a competitive process and so, you know, we would have restrictions there. I am not sure what their restrictions would do, but I am a firm believer that nothing is, is cast in stone, and I think you just have to get creative about looking at these issues and really turning over those to see if there is something else that we can do.

Katz: Yeah. And don't miss understand me. I didn't mean to say, but prior to going open to the market, it's just an idea. All right. Further questions?

Saltzman: On the same point, called the resolvment, or what do we call the program?

Francesconi: Redeployment.

Saltzman: Redeployment. Um, the charter requires competitive employments so, we will honor the charter in that regard?

Deckard: Yes. We can have a redeployment program and honor the charter by having a competitive process.

*******:** Okay. And I support this redeployment program but I want to pose this question. Given we just passed a policy that will tie our bureau managers' performance ratings for their ability to diversify the workforce, are these two any different than, a potential for contradiction for each other, or for the bureau to not be able to achieve?

Deckhard: I don't think so, commissioner. I think it would actually help, as far as the diversity goes. Right now with the current system, which is bumping, because we have been behind the diversity curve and made our most recent strides for diversity, in the, in the present future, or just recently, generally bumping is based on the seniority basis amongst nonreps so the people that we, that you see going out the door are the people that we have just brought in, and I can tell you, for example, when I worked in the park's bureau, charles jordon and myself worked very hard on the diversity issues. Doing measure 4750, doing measure 5, when those were passed, and we were actually looking at downsizing most of the people that we lost, were gains that we had made in those areas. And so I think that the redeployment program will give us an opportunity to, by having an internal hiring process, and you will find that that's not uncommon in today's employment world. You find that a lot in the private sector, and in most progressive public sectors.

But, it gives us an opportunity to evaluate and redeploy all employees that are currently with us, because most people, and statistically, most people in intergovernmental work somewhere around their early to mid 30s. They usually are bringing a plethora of experience with them from other places and how we have deployed them, they usually have other experiences that we have not been able to consider. A redeployment program allows us to do that. It creates movement within the system and allows us to place people, creatively, in various areas.

Saltzman: Thanks.

Francesconi: Following up on the redeployment, and you are concerned, part of your and our obligation is the stress that the workers are under with all the change, and I have gotten -- we have all gotten very thoughtful e-mails on this question of bumping. And there is a perception, among some, that bumping is a way to preserve jobs, but I think what you have pointed out -- their jobs. And that might be true for the individual, but that means somebody else is leaving. So, somebody is forced out, and you said that. On the issue of redeployment, there have been some very thoughtful e-mails. Wanting more definition on that, and I may have missed it in here, but then it sounded like anna gave some pretty specific definition that will be worth, in writing, and I know

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you are getting to that, but I think that there's -- in my own mind, and in, you know, our worker's, some of our worker's minds, there's a lot of confusion about the redeployment policy that needs some clarity.

Deckard: Yeah. First of all, february 14th, when we brought to you the employee transition program, it had a redeployment component in that, and it was a pilot program that we have actually been using. And it is working pretty well. If you notice in the strategic plan, we have, it cost for us to expand that program out by the beginning -- by the end of january, and have a full-blown program in place. Now, I don't want to sit here and give you the council, or our employees the impression that redeployment is going to save every employee we have during times of economic crisis or downsizing. What it will allow us, because we have about 10% turnover in our city hiring a year, it would allow us to actually consider people who currently do not have a job right to some of those positions. Bumping at this point only gives you a right to go back to a position of which you held at some previous time. I will use myself as an example. You know, I have held quite a few classifications within the city. If bumping stayed in place, and if I chose to, and I was cut, I could bump all the way back down to a coordinator. Now, am I still qualified to -- [inaudible]

Deckard: I agree. But am I qualified to do that work because I have, because I once did it? The fill of parks and recreation is, it has changed tremendously over the past 20 years, when I was there. I could probably learn it. There is going to be a pretty tremendous learning curve, and so those are the kinds of things that's going to be a critical issue for the bureau and a critical issue of disruption, but under the current rules, by rights, that's what would happen. I think redeployment is a better progressive way of actually dealing with, with those employees. And anna just handed me the actual policy, and what the redeployment program will do is, is it would make bhr responsible for coordinating all employees at risk and during times when employees aren't at risk but at any time will create movement in our system, including providing at risk employees information about redeployment, providing at risk information about appropriate vacancies. Provide names and qualifications of at-risk employees to hiring bureaus for consideration when filling vacancies. And then, the hr director has the discretion at that time to make hiring freezes, within classifications where there are at risk individuals. It gives me the authority to give at risk employees priority consideration for declare of vacancies prior to certifying names off of any other outside lists to the city. And it also gives me the authority to grant some exceptions to existing hiring processes when we are looking at internal hires. For people that are at risk, and that goes along, a long ways into being able to address and look at people at risk and not have them in the position of having to compete necessarily with the outside world. But, to assess their skills and to place them in positions that the city currently has.

Kanwit: Can I just add one thing? This is directly related to feedback that we received in the informational meetings. One of the changes in the amended ordinance before you is we are actually referring to employees as impacted employees. It was you felt there was a negative connotation to at-risk. That somehow it implied it was the employers, instead of the employees at risk. And I want to be sure, we did change that terminology. I handed yvonne, the not amended rule but the amended rule does change that.

Katz: Tim, did you want to change anything? No? Okay. Go ahead.

Hales: Can we drill down a little further on the redeployment idea and how it would work and that is, you just described how you could give priority consideration to a bumped, or, or, you know, an available employee.

*******:** Impact an employee.

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Hales: Whose position was cut elsewhere, prior to certifying a list, so run a scenario for us. Let's say that, that pdot is about to hire a project manager, and bes is just cut some project manager positions. How would that work?

Deckard: If pdot were getting ready to hire project managers, they would come to bhr and if I was a request to run an exam or give us a notice of vacancy, letting us know that they have vacancies in that classification. And if bes were getting ready to, to actually decrease their project managers, what we would do is rather than to run that recruitment, we would bring the two bureaus together. We would look at the impacted employees, get their information. Get resumes from them. Match and do a skill set match, and match them with those jobs and then work with pdot to actually redeploy those individuals from bes, that have the skill sets to perform those jobs. Now, one of the things in the pilot project that we had is that we actually also attached training dollars, so that the bureaus would -- if there were other additional trainings that they would need, they would have the benefit of doing that. But, that individual from bes would then be assigned to and redeployed and we would actually certify their name for redeployment into pdot, and that individual would move to that bureau.

*******:** Okay. And have we actually done that? I mean, have we done that in any instance, formally or informally?

Deckard: Ly (w) you know, we have done -- we have done a couple of cases in that. We haven't -- we just put the pilot program in place so we haven't had a lot of opportunity to look at redeployment or redeploy individuals so, yes, we have done that. We have done a lot of expanded transfers but redeployment is different than that.

Hales: Do we know of a best practice in another jurisdiction where they have been doing a lot of that? That we can look at to see how it works in practice? Again in, theory, it sounds sensible, but, you know, there is always a gap between theory and practice, and I would like to like at the practice somewhere.

Katz: In our expert's testimony, do you have information -- information on the actual practice, the best practices of redeployment in.

Deckard: I am looking back at linda, who is our employment and development manager because she would be able to answer that for you.

Katz: Why don't you come on up and identify yourself for the record.

Linda Lewis, Employment and Development Manager, Bureau of Human Resources: Hello. I am linda lewis, the employment and development manager, when you are talking about pat -- we are working on this right now, want to say that, and we are doing our research right now. There has been past practices in the private sector. Focusing on the banking institutions, where they have had redeployment, and the process that yvonne has just indicated, is what they normally use. You would have a person that will assess that impacted employee skills. The recruitment and selection area would get the, the assessment of that impacted employee whenever they would receive any open positions at that point, they would connect with the hiring manager or supervisor, and they would have that hiring manager or supervisor to interview that person. Just because the, the recruitment and selection area has made the assessment and think, this is a good fit, the hiring manager's supervisor would still be able to interview, to see if that would be the best fit for their position. But, like I said, we are still -- what we are doing right now, we are researching and we are putting the program together so it could be the best program that we have around here.

Hales: Well, I guess, I want to hear more than that. We don't have to take up this much time today but I want to hear more than this about what other jurisdictions are doing this. What options are there in the public sector? There is the traditional bumping methodology, which we have, and other

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public organizations have. There is the position by position, you know, you are either hired or you are rified, you know, that model. What other models are they? Are there, you know, where, in particular, in the public sector, is this, this redeployment idea being successful utilized and how does that work and how much does it cost? I mean, there was, you know, in the logging industry, in the banking industry, there are these major productions, efforts to retrain and place people. I don't know what the cost per position of that kind of replacement or redeployment was. But, I would like to know that before we adopt that model based on a theoretical notion, that it's a good idea.

*****: Okay. I didn't come here today with statistics, we are working on that.

Hales: I know. But I would like that before we finish our deliberations on that.

Katz: Let me ask the question in another way. There are public jurisdictions that don't allow bumping. Do they have something like what you just described and how does it -- and do we know how it works?

Deckard: Very, very, very few public jurisdictions hired -- actually allow any bumping amongst nonreps.

Katz: And what do they do?

Deckard: Generally, they, they lay people off or they allow people to, to generally, they lay people off. The model that we are looking for is, is to be able to place people, I mean, generally when we are faced with the bump, most employees will come to us and say, I really don't want to bump out another employee. Is there something else that we can do? We have never had a policy in place that has allowed us to move in that direction. But, most of the time, they will lay them off. This is more redeployment is a model that works, that has worked very well in the private sector. I would have to go out and look and see what other public sectors, missouri employers do besides lay people off.

Katz: You don't care if it is private or public?

*****: Then we can, right, we can bring you, you know, some examples and models of how redeployment employment works -- redeployment works.

*****: Okay. Good.

Katz: Any other questions on the, what I call the hot-button issues that you have received through the e-mails or through letters that you want? Any further explanation? We will ask you to come back in, after all the testimony we hear. Okay. Thank you. All right. Let me get, it's 11:39, so let me get a reality check. I want -- thank you for being with us. I know most of you have other things that you plan to do today, so I would like to get you heard. How many of you want to testify on this item? Okay. I want to give you about two minutes, if you really think that you need three, then go ahead, but sometimes, I can make that judgment, if you start repeating yourself, you have used your two minutes, well, and trust me, you can do, you can do whatever you need to say in two minutes, but if you feel that you need three, go ahead. There are not that many people on that item.

*****: 34 and 35?

Katz: No, it's different. No. All right.

Katz: Why don't you go ahead.

Judy Ritt: I am judy. Your updates include my spiel and supporting documents. This is condensed. Police refer this item back to the bureau. Two parallels. Number one, december 1999, the Portland police bureau presented an ordinance to council for amendment of the second-hand dealer code. This ordinance was the culmination of three year's work. The december hearing followed three public meetings and thorough dissemination of information to the approximately 150 impacted secretary-hand dealers. Dealers sighting the -- citing the time of the ordinance, the

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impact of the proposals on their security and livelihood and their desire for more collaboration on the amendments. Council did refer the ordinance back. When the ordinance became effective on April 14th of 2000, it included compromises. Please show the same consideration for 5,000 plus employees. Number two, redeployment. At the December 5th hr info meet meeting I heard someone say it couldn't be discussed because it was in the formative stages, yet the next day Yvonne Deckert addressed concerns about the elimination of city-wide bumping in her letter to all city employees by saying, we believe the new rule on redeployment is that better way. This ordinance is designed to be effective January 1st, 2002, and calls out the existence of redeployment.

By contrast, the hr strategic plan identifies February 28th, 2002, as the target date for its development and implementation. In May of 2000, council passed a resolution supporting the service improvement cornerstone agreements. In September of 2000, my position was effectively eliminated through service improvement efforts. In October, the hr coordinator told me, take a deep breath. There is no hr process to follow council's direction. February 14, 2001, Yvonne told council, we are working on it. In May of 2001, I couldn't even find out whether my pay would be redlined if I had to fake a demotion. The lack of follow through isn't facilitate trust. I recently moved to a nonrep position in cable. Despite my eight years with the city and four promotions if the rules pass, I will have six months of seniority and nowhere to bump. Like many city workers, I am dedicated, hard working and aging. This rule change clearly is not in my best interest nor do I believe it's in the best interest of the city as an organization or the taxpayers and constituents. Perhaps there is some middle ground, a matrix system or grandfathering in. The work hour language seems ripe for abuse and inconsistent disparate application within and across bureaus. It presents nightmares and doesn't seem congruent with the work-life balance. I supported the hr. I would hope to see coordination of effort, efficient, and effective communication and consistency. I don't. I did see that equitable treatment is no longer in the hr mission statement. Please slow this down and refine it. In many ways, the rules appear to be a poor substitute for effective leadership. You have the onerous task of setting policy and insuring that the policies are followed. Of course you have to delegate a great deal of responsibility. Please be certain that that trust is not misplaced. Avoid the slippery slope. Thank you, and happy holidays.

Katz: Happy holidays to you. Yvonne, on the testimony between you and a make-note because I am going to ask you to come back and respond. Okay. Go ahead.

Mike Boyle: Mayor Katz, commissioners, I am Mike Boyle, a public works manager at the bureau of maintenance and I came prepared to address both the ordinances so I will read my statement on both of them. Madam Mayor, commissioners, thank you for this opportunity to speak to you about the ordinances on the proposed bhr personnel rules and the nonreplicas comp study. I am here to urge you to vote no on both of these ordinances. I have tried to review as much of the documents I can given the time constraints imposed by bhr. Although they have retracted several of the rules, regarding promotion and elimination of return rights without right of appeal. The intent has been to hurt nonrepresented employees. They have retained language in the proposed rules to eliminate city-wide bumping to be replaced by within bureau only bumping, and then redeployment. Redeployment has never been used by the city and has no track record. I am equally disturbed by the proposed class comp study ordinance. I found the process and results to be difficult to understand. Why they felt compelled to keep it so under wraps and hidden makes me question their intent. I have appealed my reclassification and my managers have made significant efforts to help them understand why their results might be wrong, all to no avail. I believe that the city has many projects and accomplishments for which it can be proud. I believe that the proposed

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personnel rules and the comp study will not be something you will be proud of in the future. The results of this work and your vote will set the tone for our future. Thank you.

Katz: Go ahead.

Brian Hoop: My name is brian hoop. I work for the city. Thank you, madam mayor, and commissioners. You were handed a petition that 340 of our co-workers signed, city workers signed, regarding the bumping and seniority issue. It says, as employees of the city of Portland, we would like to inform council that we do not approve, endorse or support the new draft language regarding bumping and seniority, currently being proposed by bhr in the personnel administrative rules and manual. We urge council to review and consider the draft language being proposed by bhr, and turn down the request to make the proposed changes to seniority and bumping. I believe it took a lot of courage on the part of these employees to, to take the leadership to sign this petition. Two points that I have specifically around bumping and seniority for, for co-workers in small bureaus, I believe that it will be very, very difficult for them because there are fewer options. For opportunities within small bureaus, if cuts come. There are fewer opportunities for staff and small bureaus to have other opportunities to move to other -- very few positions in the same classification. Another issue that was about, this isn't a standard practice in other public sectors. For example, my understanding is with the county, there are very few nonrepresented employees, and most are already in unions that are protected by bumping issues. So I think that many of the other public agencies, there is that protection. I think another issue around using race as a reason for imposing bumping ignores the historical discriminatory patterns have failed to produce large numbers of underrepresented employees. I will be the first one to support some of the proposals around increasing protections on harassment and diversity. I think it's management's responsibility that has failed in the past to effectively increase a hiring of underrepresented employees and I don't think it should be the responsibility of the employees to lose their seniority to, you know, I think this should put in the burden on the workers, the burden should be on the management to hire underrepresented employees.

Katz: Thank you.

Hoop: And lastly, I think this has been very demoralizing to folks, and i've been a community organizer for about 15 years, and I have never seen so many employees who were afraid to sign a petition, who were afraid to talk about this issue, and as he said, haven't -- feel like they haven't had a chance to be involved. This is being railroaded through, and quite frankly, I have worked very hard for this city, and I feel like I have work to do, and at this point, I have come to point where I feel like, um, the best thing for me is union representation. I feel like I would rather be doing my job and I would rather be working with other co-workers in a union so, I am going to sign a card and let you know that there are many other workers. I wasn't the first, at two different organizing meetings. I didn't bring it up. Other colorado workers are saying, I am fed up with this and now is the time to possibly organize a union. So I am going to be turning this union card in.

Katz: That's fine.

*******:** Thank for you your time.

Katz: No. No. No. No.

Katz: I will clear the chamber. This is a deliberating body. There is not going to be a circus here.

Lore Wintergreen: Hello, I am lore wintergreen and work with pdot. And I want to thank the commissioners and the mayor for taking the emergency clause off of this, and making sure that we have time to address it fully and give at no time attention it needs. To change the standards dealing with city-wide bumping rights, at a time when many city employees are being informed of layoffs

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and to do so without any, yet alone well constructed redeployment plans and policies is unconscionable. It is being proposed to take away people's jobs without leaving them anything to hold onto, except a vague assurance and a bureau of human resources record, understanding that's the past administration of that program, of a dismal underperformance. Many positions within the city have transferable skills. Well, I acknowledge that some positions do not. Did you spend all the money allocated for this study so that sweeping statements and actions are taken or so that considered responsibility and suited measures are taken? Supposedly an indepth study was done assessing each position. Why should we not expect a more precise and specific recommendation proposal plan that would better reflect the council's intentions and the time and money spent? I would also --

Katz: Are you referencing the study now, not the rules?

Wintergreen: Yes. I would also say that I have committed much of my life to working on diversity issues, and am very pleased with some of the changes within the administrative rules. I am concerned that it's really just a six of one, half dozen of the other, in terms of diversity, which makes the bumping rights, to me, a nonissue in terms of diversity. If you are saying redeployment is going to redeploy existing employees, whom we are saying are predominantly not people of color, you are going to keep them in, in positions and then prevent hiring and bring in people of color. Where is the tradeoff in terms of diversity between bumping and redeployment? I don't understand the advantage to that. Accepting the plan as is, will institutionalize a second class city employee. The nonrepresented worker who will have vastly disparate rights from the represented workforce, example, bumping rights, step increases and comp time. This is inconsistent with the supposed goal of uniformity and application of hr policies. When I was hired I was told not to worry. Nonrepresented workers get whatever benefits the unions negotiate. Surprise, we are basically being told that we are the most vulnerable members of the city workforce. Bhr is recruiting for copea. Cost of living increases assured that workers will not receive pay cuts. They should be guaranteed above any merit increases. The hr has been less than fourth right concerning cola intentions at one of their informational meetings, they responded to a concern over loss of cola, in somewhat legalized double speak, representatives assured the audience nothing was put in writing in the administrative rules. They did not mention that such a change does not require anything in writing, and that the intention is to address this issue once the administrative rule passed council. There's no merit in receiving a, a salary cut. If the budget does not allow for cost of living and merit increases be forthright and acknowledge that although a worker merits a raise, the best the city can do is see that everyone gets the income they are accustomed to earning and the same basic consideration and union employees are getting. And then, I know I have limited time. Finally, I would like to address the reality that I think counted in relation to employee fire to speak up at this time. People have been very leery to sign the petition circulate and had downright afraid to speak before you. Cuts are being made and many people are scared of drawing attention to themselves and being added to those without a job.

Katz: Your three minutes are up. You mentioned something you are now being recruited by the unions?

Wintergreen: No. I said bhr recruiting for the unions.

Katz: Okay.

Wintergreen: Because my intention, at this point, is for safety as a nonrepresentative worker to become represented.

Katz: That's fine. Go ahead.

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Debbie D'Andrea: My name is debbie, and I work for the bureau of environmental services. I will be fairly brief. I agree with most of what I have heard from people giving testimony. My bureau is one of the bureau who is have the 4.0, so last week we were given a link to the administrative rules, and our users can't see them. After a couple days of e-mails going back and forth, an friday we got three copies of the rules. These are an inch and a quarter thick. I measured them. I have not had time to look at them. At the very least, I would ask for more time so that people can digest them, understand. What I have looked at, some things I do not disagree with. I think that there is some very good changes. I do have concerns about the way it is -- it does look like it's being railroaded, to me. I am concerned about consistency, that represented employees are going to be treated differently than nonreps, under these rules. So, if we want to honor accessibility, I think a little more time would be called for.

Katz: Let's not use the term, railroad. You notice that the emergency clause is, is the emergency is off. So. Thank you.

Roger Williams: I am roger williams. In bit now. I would like to talk with you about why the proposed changes in bumping will hurt the smaller bureaus, the bureaus, themselves. How to fix a particularly vexing problem related to bumping. And about the bumping disruption issue. First, the smaller bureaus. Small bureaus need to do their jobs just as well as the big bureaus do. This means having people in each department with enough background to see the big picture and do the job right. If you have only one or two slots for functioning, you better have experienced people in them. What happens with restricted bumping? In large bureaus with larger functional sections, senior people can bump as normal because there is relatively large pool to bump into. But, in small bureaus, with only one or two slots, senior people will be forced out onto the street during layoffs. Seeing this disparate, the people with the most experience will avoid taking jobs in the smaller bureaus. You will endanger the missions of these small bureaus because they will only be able to attract relatively junior staff. Now, the vexing problem. When bureaus have a problem staff member, managers can eliminate that person's position by writing them out of the budget. Normally the position magically reappears in two or three years or another position with a different title is recruited to handle the lost positions duties. Basically bureau management is dumping its own personnel problem onto another bureau through the bumping process. The way to handle this problem is not to punish the well performing staff members by restricting their bumping rights. The solution is to tell the bureaus that this dumping by bumping is no longer acceptable. Bureaus will be expected to handle their personal problems internally, rather than forcing the bureaus to bear the load. I have seen them handle their personnel problems again and again so I know it can be done. And finally, the bumping disruption issue. In general, bumping works fine, the people who have bumped in our department have turned out to be good workers able to do the job well. Sure, there are hard cases. But, destroying the framework is not the answer. You have the power to go ahead with these bumping change and cause harm to the smaller bureaus and your experienced city staff, or you can step back and take a run at finding a better solution to the problems you are trying to solve, such as the disruption and the diversity goals. Please strike these changes in the bumping rules before passing the ordinance. Thank you.

Barbara Streeter: I'm barbara streeter and I have worked for the water bureau since 191. My number one prior is the well being of my family so how do I take care of that obligation? I take care of my job. Well, who am i? I could be the programmer, who gets the phone call in the middle of the night, if the payroll program loads up. The mechanic who chains up the dump trucks and the ice storms so the streets can be sanded. To make the morning commute safe for, for citizens of Portland. I might be the parking patrol officer who works on my day off so, a co-worker can be

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with a sick family member. Maybe i'm the 9-1-1 emergency communication officer who stays for a second shift when someone calls in sick. Even if it means I can't take my husband out for the birthday. Maybe the construction crew who responds to a main break in the middle of the night or the police officer who not only puts my time and energy into this job, but offers up my very life to protect this city. I could be the firefighter, who is an emergency medical technician, an office support specialist who took on two or three more job duties when my co-worker retired and their job was left unfilled. Maybe I am the customer service representative who is the first contact with the public. I postponed my vacation to help get that troublesome billing system up and running. I could be the it technician who processes \$240 million worth of water payments every year for the water bureau. Probably, people in this room are nonrepresented employees who routinely put in nine, ten, more hours a day every day without receiving any overtime pay and are on call 24 hours a day. I could be every person in this entire room. True, I could have made more money out in the private sector, but priority for me is security to my family. For me, I am pretty sure the city is not going to close up operations and move down to Mexico any time very soon here. I am sorry, okay.

I think that it's somewhat ironic that this particular item is on the same agenda, as the ordinance you are considering for the pay increases for nonrep employees. On the one hand, your study shows that the pay rates for a lot of us have been out of line for some time. On the other hand, you appear to be, well, I am sorry, not you, but the hr administrative rules appear to be endangering my security by limiting my bumping rights to my bureau, but what I heard here today was that a lot of lines from bureaus are being erased, and the city is being made more, well, okay -- more functional, on a city basis. Everything I heard was, let's get everybody doing the same thing the same way. The only thing I didn't hear changed was that, or that is going to be a change is that bumping is limited to the bureau. Everything else is city-wide. Bumping is to the bureau. That seems inconsistent to me at best. I urge to you carefully consider the consequences that this particular thing will have for all of the mes that I described and everybody else out there.

Katz: Thank you, your time is up. I am giving you all three minutes because you are not doing it in two. So let's do three, and when the bell rings, it's, your time is up. Because there are a lot of people that want to testify. Go ahead. Grab the mike.

Mick Harris: I am Mick Harris with the bureau of maintenance. I would like to begin by acknowledging that the project of consolidating the hr administrative rules for the city and the nonrep comp class study are large projects and I am sure a lot of dedicated effort went into the process of bringing you up to this point. We have bhr saying here it is, and a lot of people saying, wait a minute, I think the problem is with the process. It started off as a laudable project, colonization of the rules, scattered throughout the code. Cleaning up conflicts with state and federal regulations, internal conflicts, fits in very well with this. It was changing the meaning of the rules that created the complexity. If this project had stopped, I doubt if I would be here today. Normally in the course of changing the meaning of an important document, there will be a published copy using strikeover and crossout, showing before the and after. This allows people reviewing the document to look at the impact and give feedback in an orderly fashion. Since the start of the review process, many changes have been suggested and some have been made. Much of the problem has been getting current copies and identifying what has been changed. Right now, I have a 300-page document representing the version that is being presented to council, unless there is last-minute changes. It makes no connection between itself and the previous version. I have to look at everything to see what is changed. The latest version is available on the internet, in a nonprintable form, some can't see it on the internet. And if you tried to read a 300 page document on the internet, that's very, very hard. I had to ask my bureau director for a printed copy to view

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away from the copier. It has a table of contents but no index. Pagination is not consecutive. It is impossible to look at the pages it matches. Do we have, quote-unquote, time bombs hidden in this that will have unintended consequences and require action and the companion publicity by the council to rectify? I would ask that you direct the bureau of human resources to bring you a document with the consolidation and clean up, but no changes of meaning. This would give you a meaningful starting point for making changes. In closing, there is two other things, actually three other things that I would like to bring to your attention. One, the current code, 1-0 00 states the rules are to provide systemic and equitable regulations, unquote, the word equitable is not in the new mission, vision, and value statements, and number two, less than 60 days ago, nonrep employees were willing to work long and hard to keep the city going in the face of a dctu strike, you would think there is great animosity between the groups. I have attached a copy of a flier from one of the unions expressing their concern over the class and comp study, and you say find that many of the petitions that you received contain signatures of dctu members. They understand the magnitude of the changes, and the last thing was I attended one of the information meetings and I didn't consider it, the people at the meeting being supportive of the changes. In contrast to what anna said. Thank you.

Tim Lichen: Tim lichen. I work for water bureau. I am not here to urge to you vote either way on the matter of whether to adopt the proposed new rules, and/or allow city-wide bumping. Although, my preference is, because I am being affected by a bump from outside my bureau, is that you adopt rules that end the bumping city-wide. What I do want to report is an observation that I have that stems from my circumstances that reveals at least one of the inherent problems in both sets of rules. The old and the proposed new ones. So, I want to use an analogy that helps illustrate the circumstances here in this classification scheme. Imagine a triangle arc square and a circle. The shapes comprise a classification under the current rules. All of these are shapes. Let's call that the title of the classification. But not all have the same qualities, skills, knowledge, abilities or same responsibility or authority. Under the current rules, a triangle can bump the square and the square can bump the circle. Yet, due to the various nature of the different shapes, the triangle really can only fill half the square. Representing a mismatch in ability to perform the entire job. And the square, as we have learned elsewhere cannot fit into the round hole. [laughter]

*****: Someone, no doubt, recognized this in the need to create a new set of classifications became apparent. Brilliant. Brilliant. To further underscore the need for reclassification, the results of the study, is that the circle, square and triangle wound up in different classifications. Yet, all are, let's see, da-da-da. They are performing different duties, okay. They all wound up in different classifications. Yet, all the shapes that were performing the same duties, a bunch of squares, wound up surprisingly under three different classifications. One is a represented employee, four of these, these are five people that I know, including myself, one is a represented, four are nonreps and there is three different classifications represented by people whose work is 90% the same. Okay. More personally, under the existing classification structure, staff who perform dissimilar tasks are in the same classification. And I am referring to the assistant program specialist and program specialist series. These, the result of the new proposed rules is just what I described. What I am asking you to do today, because of this confusion, it makes no sense to me and others I have describe this had to, is you put a hold on all these actions. You know, among others, but certainly, this, these issues of, here we are, trying to beat the clock, to make some personnel changes, when, in fact, other changes are not allowed to occur. Like, a revisiting of, is this the right classification for this job. So, these things to me, don't make sense. I think if the,

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whether under new or old rules, there is suffering to the taxpayer, the ratepayer, and the customer.

Katz: Thank you. All right. Further?

Bob Clay: Good morning. Mayor and council members, for the record, bob clay, chief planner with the bureau of planning. With me this morning is linda peterson, also a chief planner in the bureau of planning. Sally edmonds, a program manager 3, equivalent to a chief planner, who was here earlier this morning but she had to leave, to attend the mayor's growth management committee meeting. We as bureau of planning managers would like to bring to your attention some issues that we believe go directly to the heart of fairness and accuracy that we have with the nonrepresented classifications and compensation plan that are proposed for adoption today. First, we received an e-mail copy of the subject ordinance, less than one week ago, five working days. We find it extremely unfair that something that, that will so profoundly affect our work and our lives would not be the subject of more adequate review time. In the brief time available, we prepared a preliminary analysis of the duties and responsibilities of our current position versus the proposed position. And on the back side of our one-page letter is that analysis. It shows that the proposed position description for supervising planner does not reflect the work that we do today. The supervising planner classification clearly reflects a downward grading of our position. In effect, it is a demotion. Several important owe migs in the current classification are outlined in the attachment to the letter. Planning director, gale kelly, e-mailed the mayor's office, office of management and finance in the human resources bureau in support of our concern in this matter. So finally, unfortunately, we are disappointed to be here today, but we would ask that you postpone the decision-making on this matter until these inequities can be addressed. At a minimum, we ask that you specifically postpone decision making on the supervising planner classification and retain the chief planner and program manager 3 classifications until further review and discussion can take place. Thank for you your time and consideration.

Katz: Thank you, bob.

*******:** I am linda peterson, also --

Katz: Bring the mike.

Linda Peterson: Linda peterson, also with the bureau of planning. I just wants to that I completely concur with the comments that mr clay made.

Katz: Thank you. And I received the e-mail from gil. Go ahead.

Katz: Those are the last two. Some of you are testifying on the class comp, which is fine, but just don't come up again. Craig, why don't you start.

Craig Everhart: Thank you. My name is craig, I am with the bureau of information technology. I've been with the city for 17 years. And first of all, thank you for the opportunity to give some of my opinion about this issue. As I was listening to, to testimony here, aid couple of thoughts that I would like to share with you. Or questions. Concerning the issue of bumping, I guess one of the reasons, I was trying to understand why, why this is being brought up, and today, I learned a bit about it, I think. There's a number of issues. One of which is the employment of minorities, which I support and I think is an important duty for the city. I would suggest, though that, if i, if I were laid off and couldn't bump, and I was looking at redeployment, would there not also be minorities seeking those jobs, as well? So that I don't see a net gain here, and in fact, you might be better off bringing minorities into higher level positions so that they could have more impact within the city. So, that's one thought about that. Secondly, I would, I would suggest an alternative view if I were to bump back to my -- I was an electrician for quite a few years, now I work in the computer area, gained a lot of skills in my computer area but I could bring those skills back to the workplace and

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probably enhance and bring new perspectives and fresh air into, into the workplace, and be a very effective employee. And I think that, I think that a skill set, even if it was 20 years old, I bet that yvonne deckert would be a terrific recreational coordinator if she went back to that. I don't think that she would be a worse one. So I would like for you to think about that as an alternative.

Thirdly, I work a lot of late hours. I work weekends. I really, I am very nervous on this, so excuse my trembling. I really go the extra mile for the city. I rearranged my family life to come in and meet the needs of computer systems and network that is fail and rebuilding systems. I would like -- I would like to think that the city would go the extra mile for me in that it's also been set that bumping cause as lot of extra work to place these people. So, I would hope that the city would do that for me. It's a system that, at least there's a certain amount of known about it. That, in my -- I am a 52 years old, I have got kids that are college age. In high school. If I were to get laid off, I might have to move to a different geographical location. It would have huge impacts on me. Whereas sometimes people coming in new or younger, they understand the system. It's a time-honored system that's been around for many years. And perhaps, they have -- they are not in the same position that I would be in, in that.

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

*******:** Okay. Madam mayor, council, I was went going --

Katz: Identify yourself for the record.

Yvonne Martinez, DCTU: Yvonne martinez, spokesperson for the dctu. I wasn't going to address you today but there are a couple of points that I wanted to address in terms of the testimony about the issue of bumping. And I just wants to at the outset that I think that it's laudable that the city is setting a higher standard for itself on issues of discrimination and not relying on black letter law in terms of legal discrimination as opposed to discrimination as it exists in the city. I think that that's great. The reason, madam mayor and members of the council that nobody could come up with another system besides bumping is that because there is no other objective criteria for that process. And in fact, the, the intention of bumping is to protect against historic often discriminatory abuses of a spoil system. Bumping historically is protected against favoritism. All kinds of bias, and nepotism. In fact, removing bumping would work against the city's laudable diversity goals, without bumping, a newly -- newly hire people, who would maintain no independent objective protection, and in fact, what you would create is a system of patriotism -- patriotism in the best sense of the word. It asks me, bumping systems have protected, over a million members. African-americans, law continues, gays and lesbians and other protected classes. I also wanted to address the issue of training. The issue of training, it seems to me is al really a nonissue, and that is that what happens is that you retain the experience and expertise of the people who have already worked for the city, for the city for a long time and in fact, it will be more cost effective to retrain someone, then train someone that you would bring in off the street. And I will leave you with this question, what better way and investment in the future, in the city, than to invest in the valued long-standing employee for the city. Those are my comments.

Francesconi: Yvonne, I have one question. On the issue of, you are really talking about seniority, rights, I think.

Martinez: Well, you can't really talk about bumping and not talk about seniority.

Francesconi: So you are talking about seniority rights, and which are very important and the union movement is what's really provided those. I think that that's what this discussion, in many ways, is about. But, I have to ask you because of your statement, about bumping or seniority rights having actually going so far as to protect minority employment, and I am aware of, because a union member forwarded me a contract language that your union agreed to on the east coast, that actually

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exempted, and gave some discretion on the issue of minority employees from the seniority rights before that were barred by the supreme court for the very reason that your union agreed with the employer that there needed to be some added protections. Are you aware of that?

Martinez: I have not seen that contract. But, I have not, I am not sure that that really addresses the issue at hand here. The issue at hand here is, I think the city has already identified that in the city's own practices and its own history, that there, there has been some, some need to have diversity in the workplace, so what I am addressing here is that what this -- what removing bumping would do, would not protect the very people that you want to bring into a system. So that is what I am addressing.

Francesconi: Thank you.

Katz: All right. Anybody else? All right. Yvonne, come on up. Your team, come on up, and respond to some issues. The question that I have, and I know that you haven't done -- well, maybe you have, the argument that bumping will, in fact, do the reverse in, in protecting minorities and -- that's one question. But there, may be others from the council. Why don't you start with that.

Deckard: I guess there's a couple of things I want to address. One of the things that bumping does, it does make it very difficult for our, for us, the city, to reach its diversity goals. That's one of the impacts of bumping. You know, as I have heard the testimony, we have seemed to have hung our hat on that one. And you know, bumping is not, or the change in bumping is not, we are not proposing that change for the sole purpose of being able to do the diversity. There's a lot of things that we have to do in order to do diversity, but make no mistake, what we have done as far as diversity in, in the past, is been late -- has been late, and most of our protective class employees are our least senior, and bumping is a system based on seniority. Because it's not a mechanism for job security, when we bump, and we bump according to seniority, you are going to lose the last people that you hired. So, that's, that's the issue there. What this policy is doing, is that it's really asking, and there's a bigger issue there, it takes a long time to do a bump. When bhr gets the request from a bureau that they are making a cut, it has taken the city as long as ten months to bump one individual. It has involved as many as 12 different bureaus at any one time. This is a very time consuming and costly process, and in the end, everybody that's impacted, nine times out of ten, will not agree that what happened was the right thing. It ends up, we end up in the end with complaints, eeoc complaints, our other allegations made by employees for, as it relates to them feeling that they were treated in a disparate way or discriminated against. We don't always prevail in those complaints because the outside world does not understand our system. It is a very outdated, unique system to the city of Portland. As I have said in arbitrations, courts, and I tried to explain to a judge or to an arbitrator, why the city does what it does in any particular policy area. They look at us, as if we are speaking greek. It is not real world. It is not progressive. It does not protect employees. It does not allow us to handle employees in a consistent manner, or in an equitable manner. When we first initially looked at the situation, the bumping and we compared it with other employers, both public and private, it was clear that we were the only ones doing it. There are public employers that bump for represented people. There are -- and that's usually where it's limited. We aren't talking about nonrep employees. There has to be a better model, or a more progressive model. I have heard people talk about the process, as far as the administrative rules. And I don't know any, I don't know a delicate way of putting this all so I will just put it out there. You cannot write rules via a democratic process. You cannot write rules and involve your entire workforce. The city council has to decide and has to determine what the rules are for the organization that you want to govern your employees. That is why we started with you, as far as the direction and the goals that we were trying to accomplish. The rules are put in place so the

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organization can manage the workforce, and that's why we worked very closely with the bureau directors. The meetings and the involvement with the employees were basically informational, and to get feedback to see where the holes were. But, at no time did we go out and ask employees, are these the rules in which you want to be governed by? Are these the rules in which you want your employer to write in order to employ you? That's not how the process works. Change is difficult, and we understand that not all of our employees will agree with those changes. But, at some point, we have to make the decision on how to move the system forward. We think the administrative rules gets us to that end. We will never get consensus or agreement from everybody, as far as how those -- what the rules are and how they are written. I guess I prefer to deal with the nonrep inquiries when we actually bring forth the ordinance, as far as the nonreps, that is concerned. I think it's this, it's disjointed to do it, so you know, I wanted to limit my comments to the rules.

*****: Council, questions?

Katz: Go ahead.

Saltzman: Mr. Williams, Roger Williams brought up the point, which I think all of obvious thought about, but the particular impact on people's desire to go to work for smaller bureaus. I think that he's got a legitimate point on that one. And also, the fewer opportunities any bumped employee has within a smaller bureau. Have we looked at, and I don't know if this defeats the basic goal of the rules before us, but is there some that we might pool smaller bureaus together in terms of the bumping ability? That's one thought. I guess. I would like to hear more about and not necessarily now, but unless you have an answer to that. And the second point was about the word "equitable" finding a way to get equitable treatment of employees back into the new mission.

Katz: Back to where?

Saltzman: About equitable --

Katz: The language.

Saltzman: The work, equity, is not in the new one and I think that we should try to find a way to work that in there.

Deckard: The only thing that I want to, you know, point out about the smaller bureaus, if you look at the smaller bureaus, they do specialty work, and the classifications that they have are specialties.

When they bump currently, they are almost limited within their bureaus to begin with. If you look at, for example, the classifications within Olney, are pretty much prestricted to them, and they wouldn't necessarily have a right somewhere else or bumping opportunities somewhere else. But, we are not, we have not looked at whether or not we could pool the smaller bureaus. I think that we would find that a lot of the classes aren't interchangeable so what we would find.

Saltzman: Are not?

*****: Are not interchangeable, but yeah, we can look at it.

Kanwit: And I wanted to add one comment to your question, commissioner, as far as the recruitment tool, bumping actually is a disincentive for anyone, if you know about them. What we find is people don't ask because it's not a common practice. The few public jurisdictions that have it for nonrep have it the way that we proposed, which was within a bureau and a department. So, it isn't something that comes up when you walk in the door, you know, applying for city employment, gee, what happens if I am going to be laid off. And in point of fact, it's those people coming in that would be laid off because they are not senior so, it's a disincentive to the extent it has anything to do with the recruitment at all. And again, I'm not saying that it does because people don't know it exists. But if you ask the question, and were told, yeah, we senior employees get bumped, I would conjecture that's actually disincentive to work for any bureau, not just a smaller bureau.

Katz: Language issue. Equitable treatment.

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Deckard: The word, "equitable" when you say it sounds very nice. When you try to define it, it is very difficult, and that's one of the reasons why we left it out. I mean, one of the things that we try to get to was, making a policy statement for council as far as the mission that we knew that you could, you could carry out. You are going to always debate what's fair to you and equitable to you will not be to me or to someone else in this room. And the point in which you use those word, that word, you will get challenged because someone is going to tell you that what you did, from their definition, was not equitable. And that's one of the reasons why we kind of move away from that because we think that if you look at the entire strategic plan, the goals, the strategies, the, the benchmarks, they define those things in action.

Saltzman: Are you referring in the strict sense of the word or just in the sense that somebody is going to challenge a decision made about them based upon that? Brought up in a civil service review or lawsuit type of thing?

*******:** Well, or --

Saltzman: Are we talking that formal?

Deckard: Well, when I say challenge, I mean the individuals will challenge. You are going to continually be in that debate, whether it's within an individual, publicly, and sometimes those things find their way, into the hearing, but that's one of the reasons why we did not, I mean, we talked a lot. The team and, talked a lot about whether or not we wanted to use words, such as fair, such as equitable, and we, you know, you get into the debate, well, what is fair? What does that mean? Because, because, for example, the issue that we are discussing today, as far as bumping and seniority and who really goes and who doesn't, you know, the person that's impacted, when they are impacted by bumping, will tell you those, those 12 bureaus that I just, when I gave you the example of the last, one of the last bumped case that we have, which took the city ten months to do, involved 12 bureaus. I can tell you those impacted employees would all say what you did wasn't fair or equitable.

Saltzman: Couldn't you make the same case in the wording of the new mission statement about quality public service? I mean, i, the quality public service, what is quality public service mean? We are committed to it. I agree with the words. I push you, we can all sit here and debate, what is "quality."

Deckard: I think that we have measurable indicators for what we define as quality, that is going to be, that we use, as far as our budget is concerned, how we formulate the work, and, and the level of work that we are trying to get out to the public and how that work is given. When you look at performance management, you are able to evaluate, you know, those things.

Francesconi: Yvonne, though, management practice is consistency in terms of how you treat your employees. My advice to you is that you insert "equitable treatment" as opposed to "equitable, the same result" because you are aiming at treating your employees in the same equitable manner. That's my advice to you, for what it's worth.

Saltzman: Or the word "fair" same thing.

Katz: Okay. Commissioner Sten?

Sten: When can we expect to see the, the redeployment details? In terms of the strategy you are talking about?

Deckard: For the redeployment program in we anticipate having that program done, in the strategic plan that's called to be done by the end of february. We think it will be done prior to that.

Sten: And what would be the, the harm to not getting rid of the bumping rules until we had the successor in place?

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Katz: Let me ask another way. What would you do if we acted on this, and I would recommend that we not bring him back on the third because I have right after new year's, but if we acted on it in January, what would you do if the redeployment was not in place yet?

Deckard: Well, right now, we do have redeployment in place. We -- as far as at-risk employees, or, don't like the word at risk. Impacted employees are concerned, that was part of the fiscal crisis that you passed.

Katz: But commissioner Sten -- commissioner Sten asked for more, I think, detail.

Deckard: So, right, we would still be able to use that program today. We would still be able to -- we have other programs in place, such as expanded transfer, and those kinds of things. We still have the ability to, to --

Sten: I guess, let me just be blunt. I understand the argument on people aren't always going to agree with the rules, and I understand that at some point you have to make decisions. I also understand that at least in one of my bureaus, I am looking at layoffs and I have got to work with morale, as well, and I am finding it untenable to not be able to show people what the plan is, at the same time, that I am taking away their rights. To be blunt to everybody in this room, I don't think that bumping works very well. My experience with it has not been good. And I understand why people would want bumping because you don't want to find yourself out on the street if your job gets taken away. At the same time, I will try to get through the layoffs, through voluntary retirements and other types of things, but I am very hesitant to say a workforce that's working their tail off in a very, very hard time, that, and I may still get to recommending mandatory layoffs, to the council, who will make this decision, I am voting to take away the rights you have to bump, even though I think it doesn't work very well, when I can't lay out very clearly to them, here's the proposals that I intend to follow. And I mean, that's simply put, my problem. I think a lot of the rules make a ton of accepts, but there's just -- they are coming so fast at a time, and I know you worked on them forever, but when we have an adobe thing you can't read, and I don't particularly understand why somebody can't print a copy of that. That doesn't make any sense to me why you couldn't principle it and take it home and read either the rules make sense and I am going to stand by them or they don't, if they make sense, I want people to have abc news to them to debate them and then let me explain my decision, but I need to have a little more to, here's how the bhr is going to handle this, if you get laid off, which might happen in the next three months.

Deckard: And we can bring back a flushed out copy, a flushed out policy, or not policy, but procedure for redeployment.

Katz: I would like, I would like -- let me, I would like to see this council act unanimously on this issue because it is a very important issue for the city. And so, the concerns that each council member has, I would like, I would like some work done, and bring approximate back before we bring this, this back for a second reading. So there is a comfort level on the part of the council members, and the bureau managers that are going to have to deal with truly the possibility of layoffs. Okay.

Hales: And if that can't get done, prior to the schedule for second reading, then we can wait, right? Because I agree that, that the consensus would be a good goal but if we can't get the level of comfort that I need and I share many of Erik's concerns, then I don't want to be pushed into voting on this because I will vote no. So, I want to get to the point where, we have had a larger discussion and sanded off some of these rough spots, and gotten a lot more information about how not just a notion of redeployment but a program of redeployment would work, then we may be able to get to that point, mayor.

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Katz: That's my goal. Doesn't mean it's not coming back, if there isn't any agreement. We are going to bring it back. My goal is to get everybody to understand how the process works and agree that this is a process. If we can't get there, we will bring it back anyway, and it won't be, unfortunately, a consensus.

Francesconi: Well, I think you committed to bringing back the redeployment before we vote, which is what I think we want.

*****: For purposes of clarity, I want to make sure that council, when we do bring that back, I can almost assure you that the way this process is gone, this will be some that like and don't like the proposal so, I don't want you to think that we are going to come back with something not everybody is going to agree with.

Katz: Right. And I am going to ask that we don't hear repeated testimony on the issue of bumping because we have heard it. And so, we need to focus in on the redirection.

*****: The redeployment.

Katz: Redeployment of, of, what's the word?

*****: The personnel administrative --

Katz: No. No. Impacted.

*****: The impacted employees. All right.

Katz: Okay. So, I think you have got -- so, we will bring -- we will, we will aim for the middle of january, or the end of january. We will aim for sometime. You will have to tell me that you have met -- now, here are the ground rules, council members. We have asked you if you wanted a work session. We asked the executives, of course, and the answer was no. So I need to hear from the council members, is that, is that an accurate portrayal?

*****: I asked the council member if they wanted to --

Katz: All right. If you want a work session, in fact, I am going to ask for a work session so that all of this is worked out, unless the council members say we don't need one, it will be the reverse. We will, we will -- we will check in.

Saltzman: When you probably asked me way back then, that's probably, I am sure, one of them that said no. But I think that. [laughter]

Saltzman: I think that my interest is not so much in the rules, having a work session, but perhaps in the classification compensation issue.

Katz: Right. We will leave the ground rules the same on both. We are going to have one together, or separately, probably together, or separately, depending on what the council tells yvonne. All right.

*****: The amended -- the amendments, mayor?

Katz: Yes. Let's, let's -- all right. Let's move the amendments.

Francesconi: I will move the amendments.

Katz: Do I hear a second? Do you want to talk to us before I ask if there are any objections? On the amendments in quickly?

Kanwit: Sure. It basically, what we did is there are, the amendments contain simply some of the scrivener's errors that were in the rules that we discovered, and then some of the changes have to do with, with feedback that we received during the notice and comment period, one of those was, as we mentioned before, changing at risk employee to impacted employee. To other changes were instead of pdot being broken out to various offices, the request was made that it be treated as a single bureau. That change was made, and then the, the exception for overtime for public works supervisors, that exception had been written for just public works supervisors and maintenance, and as an outgrowth of the bureau directors' meeting, and the request was, either eliminate overtime

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all together, which was the preference, or at least make it public work supervisors across the city, and based on concerns from maintenance, because of the overtime, the amended ordinance, public work supervisors across the city would be entitled to overtime under certain circumstances. Other than that, it really just is a clarification error. Clarifications of existing rules.

Katz: Any objections to the amendments? Hearing none, all right. So, get to work. Let us know when you will be ready, and we will bring it back. All right. Let's -- some of us have time constraints, but we will stay. You have time constraints. All right. Let's go on then. 1435. We will take the substitute doesn't have an emergency, right?

Item 1435.

*******:** Right. The substitute is taking the emergency off of theirs.

Katz: Let's read it first.

Katz: I want to ask for two things. One, for accepting the substitution, and two, to remove the pay raise section for elected officials, including gary blackmer.

Saltzman: So move.

Katz: Do I hear a second?

Hales: Second.

Katz: All right. Any objections? Hearing none. All right, this is -- now, so we have the substitute. It does not have the emergency clause. And let me make it very clear to everybody, that's covering this story, the council, the mayor, the auditor have made a decision not to accept their pay raise. Okay. We can talk about it later on. Let's get to the real issues now.

Deckard: Once again, just for the record, I am yvonne deckert and I am director for the bureau of human resources. You have before you the results of the nonrepresented classification compensation study, recommending new compensation class comp plan for nonrep employees. And pay raise for the offices. Of the elected officials. Why do we need -- why did we do this study? What was the need? In 1990, bureau of human resources conducted this last compensation, the last classification compensation study for nonreps employees, and elected officials and their staff. Because we have not taken the comprehensive look at nonreps, our classification descriptions are outdated, inaccurate, and do not reflect changes that have occurred over the last 12 years. Compensation has not been checked against the market since 1990, also resulting in internal equity issues across occupational groups and bureaus. Currently, we have compensation and inconsistent pay practices. This is a resulted in the bureaus have positions reclassified to compensation issues, as well as inaccurate payment of overtime to exempt employees in order to give employees additional compensation. The city paid \$457,600 in overtime to the exempt nonrepresented employees. Up to now, the city has attempted a peace, to piecemeal the class comp system by looking at some occupational groups, such as it and administration. This fragmented approach has further served to compromise the class comp system structure. In spite of the fact that we have not studied the nonrep employee group, as mandated by charter, we have continued to perform market studies and make market adjustments to all other employee groups. We are currently completing a study and getting ready to bargain the impact of that study. The city has made the following market increases in addition to cost of living adjustments for dctu employees. In 1988, a 2.5% increase above cola to 23 clerical support classifications. In 1994, an additional 2.5% increase to the same group. Occupational group, as well as increase shift differentials. In '95, the 5% and 10% increase to two classifications. And in '96, 8 to 12% increased for 20 classifications. And in 1998, a 9% increase for four classifications, and in 1999, all dctu class finances -- classifications were study, resulting in a 1% to a 7.5% increase for 64 classifications. And no employee was redlined or moved downward, even if they were found to be above market.

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The employees received 72% increase from top range over a period of 1989 to the current date. Pffa, in addition to cost of living, received an internal across the board, increase of 1.5 in january of 01, and will receive another 2% across the board increase in january of 02. Ppa and ppcoa, in addition to cost of living, in response to market and recruitment issues received longevity premiums of 2, 4, and for 15, 20, and 25-year service levels across the, and across the board increases of 2.7% in january of 2000. Because of a neglected nonreplicas comp system, we realized that a new study would be, would be a economics undertaking. In reviewing the complexity and the demands of the study, we determined with council's support that an external professional compensation firm was needed. We contracted with the strategy group to provide the professional expertise and service necessary for this undertaking. Rsg has extensive experience in conducting class comp studies, and in total, their principles have managed and performed more than 100 classification and compensation studies for counties, municipalities of course and special district clients in the western united states. They provide similar service -- they provide similar services to the city of los angeles.

> the city of corona. The las vegas water district, and the san diego housing commission, just to name a few. When we began the study, we began by putting together in an advisory committee representative of the city. The members of committee was madeleine, diane, from the city auditor's office, sue kill from bes, zola, from bgs, rich, from the fire bureau, jim from licenses. Tom from omnf. Richard from opd and r. Brenda from parks. Dennis moro from police. Jeannie from transportation. Susan kuan from water, and we also had mora from the bureau of human resources.

The advisory committee was formed in march of 2000, and met every other week and more frequently at critical points in the study through may of 2001. The charge of the advisory committee was to review the rfp, interview consultants, orient employees, review the proposed classification structure, and draft class specks, participate in the informal appeal process, and review initial salary data. Employee participation, we held 10 employee orientation sessions throughout the city. We had 80% of the nonrep employees to complete, to actually complete their job questionnaires. And 75% of nonrep employees were actually interviewed. Bureau directors, they met with bureau directors many times throughout the study. August of 2000, february, april, may, and july of 2001. We met several times with, with the elected officials throughout the life of the study. Not only to obtain perspective on the issues, concerns, and goals, but to also brief and keep you up to date. Also, we conducted an informal appeal process, which was, which this will be covered by david reese, class comp manager. Sandy from rewards strategy group incorporated will discuss the changes, will discuss what changes were necessary to the current class comp plan, and why. How the class comp plan was built, and how this, this should serve the city well.

*****: We wanted to take a couple of minutes to talk --

Katz: Identify yourself.

David Rhys, Manager, BHR Classification/Compensation: I'm sorry. David reese, with the bhr class and comp manager. Wanted to take just a couple of minutes to go over the informal classification appeals process, which was an integral part of the nonrepresented employee study. It's an informal appeal process. It was included and mirrors what is required by the charter. This process provided an additional step shooter of the completion of the project, and prior to for how long a former appeal is provided by the personnel rules or the administrative rules. Nonrepresented employees received their tentative position allocation, where their position is going to be advocated to a classification, and the classification specification, that descriptive document. They received that in the last week of june, and employees had an opportunity to provide input op their position allocation, and the language, the content of their class speck, so they could talk about, is this the

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right classification that I am in, and they could talk about for the classification, you have given me, does this describe what I do. The results of the responses to the review were about a third of the nonrepresented employees filed a request for review, so approximately a third of them or the number I have is 365, said I wanted to tell you something about this process. 47% of those who have said, this is not the right classification for me. 47% of those, the consultants agreed with, and moved them to a different classification. The consultants also agreed with those who said, we want to change some of the language about 80% of those people submitting to changes, the consultants agreed with all or a portion of their suggested changes. Now, just as a, as an ending note here, whether the employee filed an informal appeal or not, they still have the ability to file a formal classification appeal upon approval of the study, once they are notified of their final allocation under the study. So, this is an ongoing process. Sandy?

Katz: Go ahead.

Sandra Comrie, Executive Director, Reward Strategy Group: Mayor and commissioner, I am sandy, a principle in the firm of rewards strategy group. The consulting firm who did this classification and compensation study. As yvonne and david have said, the work that, what is before you today is the result of a very long and very extensive process of analysis, research, review, fine tuning, responding to feedback. And the work basically has involved looking very, very carefully at what people are actually doing in their jobs today, not what their title is, not what they are paid today, but what are they actually doing. Looking also at how that work compares to the work of other employees, who are doing similar or dissimilar kinds of things, in terms of, of the knowledge and skill required, the accountability for results that are involved, and so forth, and then lastly, looking at the pay practices of, of a large number of other public sector organizations who have jobs similar to those that the city of Portland has. Now, in doing all of this work, yvonne has alluded to issues that caused the city to conduct the study in the first place, but just to comment a little bit further, what we found is, as we began that process, were too many classes, classes with unclear distinctions. A considerable degree of misalignment, inconsistency that other people have referred to across the organization, both in terms of how jobs were classified and also in terms of how those jobs were paid. So, you might have people in two different bureaus doing pretty much exactly the same work in different classifications, getting paid different amounts of money. And that's really, from a classification-compensation perspective, the overall thing that needs to be resolved. We have talked this morning, you talked this morning about the hr strategic plan, and central to any strategic plan for human resources. Is having a firm foundation in its classification practices and in its pay practices on which to build the myriad of other hr issues, training and development, and many others, so that they work effectively to achieve the overall results that the city needs to achieve. In terms of what needed to be changed, the classification structure needed to be streamlined, and in fact, we end up in the recommendations before you today with about 20% fewer classifications than the city has right now. We believe those classifications and the job families and ladders, that they represent, are clearer, and much better defined, and in fact, easier to administer going into the future. And we have worked very hard and is one reason the process has been so extensive. We worked very hard to resolve issues of alignment and consistency across the city's bureaus, so that we have a result in which people, in fact, are treated equitably from a classification pay perspective. No matter when they are in the organization. On the compensation side of this study process, as I said, we checked data on, on 70 classes in a large number of other agencies to determine how the city's pay practices lined up against the practices of those other organizations. And we did that following an extensive review of what we call a job, a job content analysis. Which basically, looks at every classification proposed for the city, evaluates those

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classifications on a number of different compensable factors, and creates a hierarchy of job value, if you will. And we went through a very extensive process in reviewing our assessments with bureau directors and managers and the oversight committee to try to get agreement on what's a very difficult issue for an organization to deal with. How do the jobs line up across the organization and how should they be valued. So, we did all that far work, and took the salary survey data that we checked, and used that to build the compensation structure that is before you, which at its heart, works to maintain the internal relationships that we identified in doing the job content analysis, and addresses the issue of competitiveness of pay. For class that is we checked that salary survey data.

How does the city -- how do the city's pay practices for nonrepresented employees stack up against that marketplace? In general, the pay plan is not in bad shape. The city is overall, or its nonrep employees paying at about average, but, as you know, averages, using averages can, can disguise a lot of variation, and we, in fact, found that even though on average, the city's pay practices were at the average of the market, there were groups of jobs and levels of jobs in the organization, where pay practices were below average, and groups of jobs and levels of jobs where the pay practices were above average. That's not, that's not unexpected. We find that often in organizations who have gone for a long time without doing this kind of comprehensive study. So, as you hear testimony, you will probably hear testimony from people who are concerned about the fact that their job, having been pegged at a certain salary grade now, is recommended for something lower than that, and what that means is, that both in doing the internal job analysis work and in looking at the marketplace, that there are jobs in the city that have been generously compensated. And there are jobs in the city that have not been generously compensated. And what we have attempted to do with the proposals before you, is to bring you a compensation structure that, that creates a consistent process for all the people who are covered by the nonrep salary program. The structure is anchored at the top by the top executives of the organization, and anchored at the bottom by the smallest of the nonrepped classifications, and sort of anchored, if you will, in the middle by an assessment of linkages to the upper levels of the copea classes because they are significant alignment issues there. In the course of doing this work, we also collected data, as you know, the pay practices and other organizations were elected officials, and for their staffs. And we have -- and we went into that process understanding that there were not governmental structures like yours elsewhere. So, what we did, instead, was to collect data on the pay practices for mayors, boards of supervisors, and their chairs, in the western u.s., and heavily focused on the regional area in which you sit. And over all, we found, we found three different kinds of things. One, the pay practices for the city of Portland, for its elected officials is low, by comparison to the practices of other organizations that we think are, are at least appropriately comparable. Secondly, that in the structuring of compensation for the mayor and the commissioners, there is not sufficient difference in compensation between the mayor, the salary for the mayor and the salary of commissioners, nor is there sufficient difference between the salary of the mayor and the highest you know, the highest paid check executives, the chief administrative officer, as an example. So, we, we have presented recommendations to you on where we believe the appropriate positions of elected official pay is. Recognizing that in the other organizations that we, we surveyed, they don't have the added executive component that you do, so we are looking at, at governmental, or governing bodies that are really more legislative and policy oriented and don't have the component that you have to deal with in terms of actually managing your portfolios.

Francesconi: Tim grew volunteered to give some of his money to the mayor. [laughter]

Katz: Have you almost finish with this?

Saltzman: You don't want to hear more. [laughter]

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Katz: You know what we all decided, and I will say something, in the legislature, we would vote for, for pay increases but not for ourselves, for the next legislative session. And I was willing to do that, not for me, but for the next mayor, but I couldn't deal with, with any of you. Didn't work out that way. But anyway, the mayor of beaverton, the salary is?

Comrie: \$123,000.

Francesconi: She's going to change her mind here.

Katz: Okay. Just wanted everybody to know, and it's not full-time, is it?

Comrie: No, I don't think so.

Katz: It is not full-time.

Comrie: So, to bring my comments to a close, what we have --

Katz: I just wanted to let everybody know, the realities of the situation. Go ahead.

Comrie: To bring my comments to a close, we have presented to you on the compensation side a, a salary structure that we view as being priced at moderately above average, and we believe that that is a variable -- [no audio]

Deckard: I want to talk a little bit about the implementation of the class comp policy, or plan that you have before you. The classification and compensation plan, if approved, upon second reading, will be effective retroactively back to july 1st, 2001. It's implementation -- this implementation is carefully laid out in exhibit c of the ordinance that you have before you, but generally, what is proposed is that this current fiscal year, 01-02, nonreps will be placed on a new range, but most of them will be limited in the, in any salary increase to the top rate of their current range today.

Katz: Say that again. This has been an issue.

Deckard: Right. In other words, on implementation of the study, we are proposing that nonreps, who have moved laterally, would not receive any pay increase at the implementation of the study, unless they are below their range. Unless they are not on a range. So, an individual who did not have growth would not receive growth this year, if, because there is overlapping in a range, people will go to their new ranges and be frozen there for this fiscal year.

Katz: For this fiscal year, and the following years?

Deckard: The following year, they would be eligible for growth, based on the performance management plan, and as you know, in our strategic plan, one of the things that is laid out in there, is bhr's responsibility for developing a more extensive performance management plan for the organization ready to have implemented by the, by june of 2002. But, each employee would not be eligible until they had a performance management plan, and they actually went through that process. Each bureau will be responsible for actually reporting on, to bhr on the people that actually went through the performance management plan, and what type of increases that they would actually receive. Also, the goal is to get all of our nonreps on a common review date so that we can actually tie the performance management plan to measurable criteria, such as budget, you know, strategic plan, but the other criteria that, that we will use to, that we will attach to their performance management plan.

Katz: I am sorry, I interrupted you.

Deckard: That's okay. Some would move up to a new, to a new higher range that has not -- that has no overlap in the current range, so that's, that's what I mean if, they are completely off of their range, and we need to move them to the range, then they would receive whatever increase that gets them to, onto the beginning of their range. Those who are designated as promotions would be placed on the new range at a 4.1% increase, which is the same rule that we have currently for promotions. So, when an employee is reclassified today, if that is an upper reclass that results in a promotion, today, they would receive a 4.1% increase that, starts them in that new job, just like

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hiring a person into a new position, and when they go to a new higher position, then they get an increase for that, and then they are attached to a performance management plan.

Saltzman: Is a promotion synonymous then with moving into a new range?

Deckard: No. The promotion is synonymous to, to being reclassified to a higher range. To -- with a different job title. So, I am a program manager one. They came in and studied me and they realized that the work that I am actually doing is program manager three work, as a result of that, I move to the new classification, the program manager three, and that would be an upper reclass, or the same as a promotion. A relative view -- few will move to a lower range. In cases where the, where the top of their new range, where the of, the top of the lower range is less than the current pay rate, on the day that the ordinance is adopted, we propose that we redline those individuals. So up like what I described for example, with the ductu, when we found employees were above market, we have not withhold cola, we continued to give them increases, for the nonrep, what we are actually proposing is if someone is above the current control point, that they are redlined and that they receive no increase until the range catches up with them.

Katz: Let's use the word "red circle" as opposed to why, redline."

Deckard: Okay, they are red circled.

Katz: I will explain that to you. That's a financial discriminatory term.

Deckard: I will believe you. They would be "red circled" until the range catches up with them. It is true this phased implementation plan, that we were able to put the new classification and the new compensation plan in place within the designated set aside for the general fund and within what was suggested for operating fund bureaus. Importantly, this phased implementation gives, gives full consideration to the city's budgetary challenges. What are the impacts of the study overall? As a result of the study, 977 employees received some lateral movement because some of those, because some of the lateral movements were up and some of them were down, and some of them stayed at the same level. The average net adjusted increase to the range for employees moving laterally will be 3.7%. The study will also result in 41 demotions which relates to an average, which translates into an average net adjustment decrease of a negative 8.4% in salary growth. We have 217 employees, which will be reclassified upward, or promotion. Or receive a promotion, and the average net adjustment to their range would be about 15%. 161 employees will be red circled because they are currently above the top of their range. Why now? We have a need for adjustments with market and internal equity. The city will be better positioned to manage the challenges in the organization as it continues to evolve. If not adopted, or if significantly delayed, the study data will be outdated and unusable, in short, we will have to begin again. After a second reading by the council, it will be my request that you approve the ordinance and to adopt the classification and compensation plan covering nonrepresented employees, as well as the new pay raise for the offices of the elected official staff.

Katz: Before we get to that, let me ask a question, the reason that there is a, a, a group of employees who will be getting that high on the average, that high of an increase, is that because we haven't been doing this on a regular basis? That it has been what, 1 years? Is that what you have found? -- 12 years? Is that what you have found, primarily?

Deckard: In looking at that group of employees, what we found was essentially, those jobs were undervalued in the city, and that adjustments of that size were necessary to bring them into alignment with the market, and to insure the internal consistency, as well.

Katz: Okay. Further questions?

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*****: The comment that yvonne raised, I think it talks about earning potential within a range. The, the numbers that she gave was talking about how the range moved, and people may not experience that this year, and that's an important point.

Katz: Thanks for clarifying it.

*****: You made it sound like --

Katz: Right, it is a potential if they move from where they are to the top of their new range.

*****: And in most cases, that won't happen until, or begin to happen until next year because people are capped at the top of their current pay rate, unless they are moving to a new rate with no overlap.

Katz: Okay. Go ahead.

Saltzman: You said 141 were red circled, and then 47 --

Deckard: 161, I am sorry, 161.

Saltzman: And 47 --

Deckard: 41.

*****: 161 red circled and 41 downward movement.

Saltzman: So, I am assuming that those 200 or so individuals feel that they are in, essence, maybe not downgraded, but that's the feeling up there?

Deckard: Sure. You know. What we have heard from employees, there are a group of employees, as a result of this study, have room current toll move today, but we also found that where the range is today, that the range is, is more than what they, they should be getting, and some of those decreases are less than a percent, some of them are a percent. Some of them are more. And yes, for, so that means that they have less potential to grow.

Saltzman: Okay. I also heard that since you had the informal appeals and the revealing the classifications, that was in july or june?

Deckard: It began in july.

Saltzman: Okay. So people were told their classifications. They were told they could do an informal appeal, and I assume that they were informed the results of the appeal. I am told a number of people feel that those decisions have been changed, in the final product you are bringing here before us. In other words, somebody who thought they were classified at one level, is suddenly discovering in the last week or so, that they have been classified in a lower level.

*****: Well, there may be --

Katz: Bring the mike because this is an important issue.

Rhys: The appeals were over -- were over classification, and at this point, they were appealing a, a tentative allocation, and we gave them the results back of where their allocation was. The ordinance that you have in front of you doesn't revise any information about that allocation. It does contain for the first time compensation information, and where, where the compensation is tied to their classification. They may have made assumptions about what level of compensation they would be receiving. So, the compensation information is a new element. But, the piece about whether their classification changes or not, when we send out the time allocations, once the, a study is adopted, they will then see that, that their allocation, I presume, is the same as it was before in, in all cases, or most cases. But the questions you probably have heard, have been about, I thought I was getting more money than this, or I am at a different level than I presumed, and that information is, for the first time --

Saltzman: So somebody in a classification that was -- they found out in july, may have appealed, found out whether the appeal was granted, none of those people were actually changed in their classification, in the final report that you brought forward, is that correct?

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*****: Correct.

Saltzman: So, the compensation ranges were just finalized? And that's what's causing --.

Deckard: Yeah. I think traditionally what happens, and let me explain one major problem that we have in our current system. Is that we have a lot of compaction. That means that there is very little room between each classification about 5%. It's very difficult for an, for an employee, or an employer, to really articulate whether or not the job that one person is doing is 5% more than a different job. I could probably argue for employees that are that close together, depending on what day. I can argue either way. I could probably articulate very well why they should be, you know, why they should go up or why they should go down, because of the compaction is so close. As a result of the study, we tried to clear out was the compaction issue, and so there are, there were -- and broaden out the spaces so that employees clearly would know when they spilled over and when they were doing a different job. And then we talked about the fact that there is overlap in pay, in pay grades, there is also overlap in, in job specks. But, generally, you have a job speck, and you may have 5 or 80% overlap. It's generally that, that, that 20% that will, will actually define the difference, and so oftentimes, people will look across the city and say, it feels like, to me, that what I do is the same as what this employee does in another bureau. But, the critical selection elements of a job that really determines when someone is doing something different are very clear, and even though it may look as if we do similar work, or because we do similar work on a daily basis, that there is a significant piece that makes one position different than the other. What happened is that because of the compaction and because of collapsing, people look at their classification and they look at the lay of the land today and they say, okay, I look like tim today, and it seems like we're at a same level so, therefore, I must -- that means to me, i'm going to go up. Then, they get the compensation level and the reason we share that, the reason we don't share that, I have heard people say, you know, it's done in secret. It's not done in secret. You are sharing compensation that doesn't exist, and what you really want to get employees to help you do is to define the work that they are doing. Is this the body of work that you are doing. The body of work that you are doing does not change because of your compensation went somewhere that you didn't expect it to go, and that's why we want them -- we want to look at the body of work. But at the point in which I have a preconceived notion of, of who I have tied myself to and whether or not I should be up or down, that is going to determine whether or not I felt that something -- that I was moved, that I am no longer, you know, bhr director, but that I should be something else.

Saltzman: So people in the same classification can have different compensation ranges? Is that, is that --

Deckard: People in the same classification will have the same range, but what happens is that i'm --

Saltzman: Where they land in that range, though.

Deckard: Where they land in that range may be different, and my classification may be different than yours but there may be some overlap between the two different classifications that I have --

Saltzman: Do we have situations where under this new system, supervisors are in a lower range than subordinate employees? That's the other issue that I have heard about, except for us elected officials. [laughter]

Katz: Except for us, there cases where supervisors are being essentially paid less?

Deckard: We have identified a couple, especially in an area where the supervised employee is, is a very high technical type of person, and what we have done is in the rules, we have, I object, what is called a, an assignment class, which allows, allows, allows to us make a finding that places that supervisor, while that, the higher paid supervisor is in a role under him or her, to place that person

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in a higher level. The picture is this, you may have a broad class of people in one place, and this one supervisor who was in that broad classification, in his or her particular instance, has somebody that is paid more. That is a basis for ratcheting up the entire class of people, but it is an opportunity to take a look at one of the instances that play in this one situational -- what one situational instance and adjust that under the rules. So that's the way that we are approaching it.

*****: We found that in bureaus, that they have needed the flexibility of saying, that this, this individual person's skill and ability to deal with, you know, with the project or, or with the particular individual, that they need to have to create that anomaly, and have that person to supervise a particular individual, and that, and that's why we create the assignment issue to deal with that because you wouldn't reclass the individual based on that one anomaly.

Saltzman: Do we know how many people are affected by that anomaly?

*****: We knew of one or two, and we heard of a couple of others, and for every instance that we have heard of one, we asked them to send that information to the, the hr director so that we can evaluate whether or not it fits into the new rule once the rules have passed.

Saltzman: And that is -- that is a basis from which a formal appeal can be made?

*****: Well, you can appeal a classification for any reason under the rules, but in this case, it's, it's something that we would want to see if the rule fit and whether or not that under the discretion of the person, of the, of the hr director, whether she would agree to, to ratchet up that particular person's salary, given the instance that they are in.

Deckard: Right, and remember, that in the, the formal, both informal and formal appeal process, it's the classification that is appealable. It is not compensation that is appealable. And the reason that is, is because council sets the compensation for nonreps, and, and so, each individual employee does not -- is not in the position of negotiating, you know, their salary range, where you have a structure any more.

Saltzman: I guess I just want to say, I would be interested in, in an amendment of some sort that would allow people who are affected by the classification downgrades, people who are in this situation, to have bureau managers have the chance to sort of review the universe of people in their bureau who make, who may come forward with these concerns, and the bureau manager, verify that that's the nature of their concern, and then have the ability to submit that list to you, and this could be after we passed the ordinance but I want to create this process, and you would then respond formally to those requests within 0, 60 days. I think that that's kind of -- 30, 60 days. I think that that's an amendment that, that I would like to you put together, I can work with you to craft the actual language of it.

Katz: And I think that -- I support that, as well. I think the support on the council -- and let me ask you, the formal appeal, is that, is that what commissioner Saltzman just described? Or others who feel that they are in the wrong classification?

Deckard: The formal appeal actually they put together, and it comes to us for reconsideration, if we --

Katz: To you, but not necessarily to the bureau directors first?

Deckard: No -- well, there's two ways it can happen. The bureau, the individual can put in a formal appeal, and not ask the supervisor to have any, any input on it. At which time, it would, it would come to, to bhr for reconsideration. Generally, at that point, we will go back to the director and say, this is what we have. Can you provide us because, or to the direct supervisor, whoever is assigning the work and say, can you verify or give us additional information, so that if we can substantiate where the difference is, and we can look to see if, if an adjustment needs to be made.

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Some employees may decide to take the appeal, give it to the director first, and get that input and then bring it to us so that we have it all at one time. But, then it goes --

Saltzman: I realize this has opened up a two-track appeal but I would, nevertheless, like to have one track that is sort of a collective suggestion by the bureau, that goes through the bureau manager.

Katz: So that if an individual --

Saltzman: On the classification and no, ma'am luis situation on the supervisor-subordinate. I want the bureau manager to have his or her abilities to, I stand behind these claims, or even --

Deckard: Yeah, sure. You have a provision for that. That's how the appeal works.

Grewe: We can send out a memo clarifying that's going to work, because it sounds like it's already provided for.

Deckard: On the form, there's a section -- for the bureau director or the supervisor to sign off and say, yes, they agree, or no, they disagree, or --

Katz: So if an individual, if an individual --

Deckard: I am saying, on an aggregate business, each director should have an opportunity to submit a list that he or she feels, and then get a 30 day or 60-day response on that, and then that's it.

Katz: Okay. Now, are you going to need additional help from your consultant on that?

Deckard: We may. We don't have additional --

Katz: I support that. I just want to make sure that there's some restraint being used by the bureau managers, for sure. I know that I have two bureau managers that have questioned, 1, 3, and 1, 4, I consider that's rye strain.

Deckard: Right. I mean, if we do need assistance from rsg, we will come to you with, with, with an ordinance because we would have to in order to retain them because we have exhausted their contract.

Katz: Okay. Roll call -- any further questions before we hear testimony?

Francesconi: I just had one question. Let me say that, you know, for almost 20 years, I tried to set the salary for 15 people, and I couldn't do it in a way that pleased everyone, to the point where I finally hired the equivalent of an hr manager to do it for me, and then I could blame her, if people weren't happy. But, in any event, so you have got a tough job. But, on the question of how long can we delay increases, especially for, for upper management, how long can we do that before, before the study is out of date?

Comrie: Well, I would guess that if you delayed more than a few months, you would need to go back and take another look at what has taken place in the mark place. Remember, that we checked the data oven to formulate the recommendations, essentially, a year ago. And before we finalized our work on salary recommendations, we did some updating of the data to bring it to, to this fiscal year, but if you wait much longer, you are going to find changes taking place in the marketplace that mean you will have to look at it again.

Deckard: And I guess the other thing that I want to add to that, is putting this classification compensation system in place, is just that, put it go in place, as a starting point. As our world changes, as the work in our environment changes, as the challenges and the things that we are charged with changes, we will, we will always have to maintain the system. We will always have to continue to do job audits and look at changes in positions, and you know, commissioner, you and I talked about one just the other day, I mean, since september 11, a lot of, of the demands within the fire bureau has changed, or, you know, which means that, that maybe there are significant changes now in some, in, in those positions, and so that's always a reality for an

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organization of this size, and especially an organization that is going through as much change as we are. But what we have to have is a comprehensive system in place from which to begin and from which to start, and we don't have that right now. Right now, what we have is, is a very fragmented system that is in disarray.

Katz: Go ahead.

Hales: Similar question, is this any discussion about phasing those in, as opposed adopting them in or not?

Katz: That was not --

Grewe: No. I'm not sure how you do it because jobs are, are, are tied together, and what happens is if --

Hales: I mean, as a group. The management, the management --

Grewe: That's what I am saying. Jobs are tied together, and so if you decide, for example, let's take one through five, and start with that, you are going to have, you are going to be running two systems. You are going to have classifications that you really need in order to hire people into that you haven't phased in yet, you have no way of paying for that class because you haven't adopted the pay structure for it.

*******:** We have got a minor problem in that area now.

Hales: I see. I see. Okay. Thank you.

Katz: Further questions?

Sten: I have a question for tim. I guess, the problem that I am having with the decision to do it immediately, is that, you know, I understand that things will change in a couple of months, and my opinion, things have changed dramatically in the last couple months with the financial picture, and it's a nice symbolic action that, that the council members don't want to take the raise, but isn't everybody in the same situation in this that we are about to lay people off. Why wouldn't we look at this through our budget picture, as well as through a process that started before the bucket was created?

Grewe: I think that that's a real valid point. We did think long and hard about that. So I will respond in a couple of different ways. First of all, we did anticipate this being implemented two years back now, by putting it in, just we did with the dctu. We delayed this on a couple of occasions, already. Because of events that were going on surrounding this proposal coming forward, such as a dctu negotiations. A large group of the findings are, in fact, people that are currently working on a class, and under any scenario, we need to address those, either those responsibilities need to be changed to get them working back in class, or we need to, to recognize that they are working in a class and correct that action. So there is some administrative matters here, as well. Now, as to the budget process, there's going to be a system costs that are going to go through this budget. Yet, increased, increase in electricity costs, be it adjustments in compensation that are imbedded labor agreements, or any of those types of business needs. So, we could act to not do those now, but what we are doing is, is creating what we call expenditure momentum, because at some point down the stream, it will need to be addressed. It may be, if we have update the market analysis and at times, were made bad long enough that, that analysis may come back, saying that we can pay less, but I suspect what will happen, based on my experience, is that we will get similar findings that we need to pay more at that point, and we will still face the issue at that time, whether or not our financial well being will be better or not, it's hard to say right now looking ahead. Is that not --

Sten: No, I understand the answer. It's going to come down to is that, you know, I am going to be unable to support -- the net cost to, to the water bureau is \$129,000, I am looking at 40 layoffs, so

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you just, you know, if people don't retire, so you just, I have got to do two more people to raise the pay. And with that having developed, it doesn't match keeping two people there, and I am not sure how we can move on this without looking at, you know, kind of what's the overall reality we are in right now as opposed to, you know, the -- two year ago when this started, I understand the argument is so different than the place I find myself now, that I don't find the argument compelling that this can be done outside of the budget constraints.

Grewe: You know, just one final -- it's hard to disagree with anything you are saying, but just one more point to make. When we set out revising our overall class comp system, we intentionally opted to do the nonreps last. We literally had gone through, with the exception of copea that hasn't come before you, but will shortly come before you, have gone through every classification in the -- in the represented ranks, and yvonne is going through those. Now we are coming forward with the nonreps and trying to treat their classifications and their compensation in the same way we treated the represented groups. It just happens that the city's financial condition has significantly changed during that period of time. We are not going to stop doing the labor reviews because that's part of the process we go through and mediation and arbitration, lobbying at the market rates. I think that there needs to be some consistency in this system, as well as some of our other policies, in terms of how we change -- in terms of how we treat our employees, and I would also argue, as yvonne was just doing, that we should be routinely doing this. This shouldn't be an every ten-year type of process. This should be every three-year or two-year type of process where we are revisiting our classifications. It should be just kind of the way we do business. So I would just add that.

Katz: Let's open it up. We will come back for questions after we hear public testimony. I just, for those that have been hanging around, we are for the going to be voting today. We are trying to get to, kind of some, some, some issues that we may want to have additional informing. All right.

Let's open it up.

Parsons: Gary --

Katz: Oh, gary, I am sorry, come on up.

*******:** We are doing a work session on this, too. Yes, unless the council members tell me you don't want a work session, we are going to do one. All right.

Gary Blackmer, City Auditor: Thank you. Madam mayor, commissioners, gary blackmer, Portland city auditor, I wanted to talk a bit about the classification element of this. I think that you will hear a lot about compensation, but in case you haven't noticed, i've been going through quite a few changes in my office in terms of, of reorganizing staff, and hopefully, you haven't noticed those things because we really try to emphasize continuity and quality of the services throughout. But, we have reassigned duties. We have taken on new duties at my office, and in one sense, this class comp process was a blessing because we were able to kind of look at every person and every responsibility in the office, and try and line it up in a way that made sense and was the best way to put those duties together and balancing workload and seasonality and interest and leadership among the staff that we have. So, we used it as a process for improving how our work was put together and I spent at least 100 hours going through this process, looking at individual job descriptions. Looking at duties in the office. Diane boettcher, the deputy auditor put in at least twice that amount probably. So it's a major commitment of management time and trying to make this process work for us. As a result about a third of the employees in the office are being changed in some way, some going up, some going down, and many of them just a new job description. So, to that degree, we worked really hard to, to make sure that we built our office within the framework of the classification system, but at the same time, with new duties, we have had to hold off on the civil service process. You heard that some, some positions are, are temporary because we just don't

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have a spot, a classification for that. The ombudsman, the ipr director, those are people who really haven't gone through a civil service process. Because we have been told to wait because of this classification compensation process. But, in the -- in us going through it, in detail can talking to the consultants and yvonne and her staff, I am convinced that it was done with a great deal of attention to, to the specifics of the duties, the skills of the employees that were required, I think that it was a very thorough process. We, we couldn't see that far outside of what was happening in our office, but when we looked at those kinds of positions that were similar in duties, they looked very similar in terms of, of how they fit with the framework that we were looking at. So, I think that it was a systemic process, as well. So, I guess my, my big concern is, if this doesn't happen, what does that mean? Does that mean that I have to go back and do these one-by-one? I mean, that is the normal process for reorganizing. And I think from an organizational standpoint, it was an opportunity for me to whole-heartedly look at our organization and duties and try and make a good fit. But, if I have to go back and for 20 employees, one-by-one go through and say, this is really what this employees ought to be and this is, this is fair within the city system, I think is a lot of, of - it's me redo doing a lot of work. Hundreds of hours of our management time, and it's not something that I look forward to. I am more than willing to forego my pay --

Katz: And you did. [laughter]

Blackmer: And I did. But, making me go back and try and either put the office back to the way it looked in 1998 or all the extra work of doing these one-by-one really concerns me, and maybe at that point I will come back and say, I deserve more pay for having to redo my work. But, at this point, I really urge you to take this, this system and go forward with it because it's been long overdue, and it's something I think that not only me, but many managers have invested a huge amount of effort in and looking at trying to build a classification system for work. Thank you.

Katz: Thank you. Okay.

Katz: We heard from judy. Is she still here? Did you -- go ahead. Come on up then. I am going to ask that both of you, since you testified on one, and you may have testified on the other, to just keep your remarks, okay. Thanks.

Judy Ritt: I am judy ritt. I appreciate your concern and action on the previous agenda item and your noble action on this one. I don't have a canned spiel so I may get gonged. I just got the information on this item about a week ago, and after seeing snippets in the newspaper, I was already burning the midnight oil dealing with the administrative rule issues, so I have a few thoughts and I will acknowledge up front that it's very, very, like I say, voluminous and complex information and I think that I am reasonably intelligent and I got very confused. I am a timekeeper for my small office of seven people, and I am looking forward to the clean language explanations that were addressed. I understand that there hasn't been a class comp study in 12 years for nonrep employees but I believe that there have been cost of living increases essentially with dctu represented employees with the exception of the dctu rep study that was effective in july of 1998, or 1998, which was certainly a time of better economic times. At that time, there was an 8% maximum increase, plus the 1.9 cola. I have a problem with the disparate treatment now, especially with the bleak financial situation, and economic forecast it just seems like bad business. I would ask that you at least cap the ranges at an 8% increase, and it seems to me like there are comparisons with private industry when it's convenient, like coca-cola, and when it's not convenient, we're not like coca-cola, or giving colas. I do believe that merit is a vital factor, and I would like to see it included in salary increases. However, in looking at the tool and methodology, as I have seen it practiced, it seems that, that it has more to do with one's ability and desire to smooze the boss and is certainly open to inequitable treatment. Leaders, coach, and motivate, and

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they are continually watching the game. They don't go for soda and a hot dog and then ask after the game, how did you do, team. They probably would hear, we got two homeruns and a double play and wouldn't hear any mention of the ten errors and 20 strikeouts. Coaching leads to motivation, and increased performance. Leaders have to watch and identify employees' strengths and weaknesses. Leaders should be engaged enough to be capable of completing an objective evaluation of their employees' performance and dealing with performance issues. Thank you.

Katz: Thank you.

Brian Hoop: Again, I am brian hoop. Two key issues, after having helped organize two different meetings with about 50, 0 -- 60 co-workers who talked about these issues, I think the number one thing is with the nonrep study, is the process that I think that people are very upset that the full description of it was just released a week ago. I think that many people are appreciative that you are not taking it as an emergency measure any more. I hope that there might be more opportunities for staff to be engaged with the issues. I hope you don't rush into just one more meeting, where you take a vote on the issue. I think that staff want more time for their peers to be able to examine the issues, discuss with their peers, develop educated responses and alternatives. I think that staff need help with helping identify what are some of the key issues. There is so much in there that I think that they need more help from human resources, and lay language, helping to explain what exactly, how it's going to impact people individually. One of the top things that I have heard from folks, and I honestly don't know yet if it's true or not, that colas would be eliminated possibly under the new system. So, I would love it if someone would explain to me whether that's true or not. I personally believe myself, I will do fine under whatever system I think this doesn't impact me as much, but I think that people deserve at least a minimum cola. I think that for nonrepresented employees right now, existing, we pretty much do live with a merit system, in that people have to be performed once a year but at a minimum, I think that people deserve a cola. I think a completely merit-based system is fraught with opportunities for abuse. I know my father, as far as a personal experience, was basically attacked from in a merit-based system based on his political viewpoints, and I just -- i'm just convinced that, you know, a merit-based system will increase the opportunities for abuse. I do know that, you know, I think again, it's a management responsibility to use those performance evaluations. I have heard many staff say that they have never, you know, haven't had their performance evaluations in years. And I believe that things like, like progressive discipline and probationary periods can be used, but I think that oftentimes management have been unwilling to use those as tools, you know. I don't have a problem with that. Most people in my bureau don't have a problem with that. But, I have heard of stories where I think that management has basically not used those tools, if they have concerns about, about being able to, you know, not being able to punish employees that aren't performing to a level that they should. Thanks.

Susan Steronko: My name is susan, good afternoon to the mayor and the commissioners, and I work in general services. I am somewhat uncomfortable coming here today to speak but I feel strongly enough about this ordinance that I am going outside of my normal safe boundaries here. While I don't know all that went into the survey or the development of the job classes, I can describe what I know and what, what I believe and what I saw. I know of cases where the job, the job descriptions only describe a portion of what the incumbent is doing, or the supervisor is at classed at levels lower than the nonreps being supervised, cases where the supervisors are making less than the represented employees that they are supervising. Cases where people have been dropped more than two levels. I know that my own position is titled as a "program specialist." and yet, it's assigned to the assistant program specialist class. I know that people who have been seriously demoralized by these proposed action, which is not a very good way to treat people who

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work for you. I believe that the survey people, at least in my instance, maybe not in Gary Blackmer's instance, did not have a good understanding of what a lot of people do who have a more specialized jobs in the city, and it seemed like they made a number of assumptions based on how other cities do things, and we're not doing actual comparisons of the same jobs. At least the way that the city of Portland works. I think that some of the higher level people have been well taken care of at the expense of others, who will be going for years without any salary increases, all the while that they see those around them, gaining substantially. I see union members being told there are no available funds to add to their benefits and then see these salary commitments to higher level staff. I see the city of Gresham managers refusing to take raises due to financial concerns. I see our leadership asking for ways to save money in the coming years, and I am wondering if it isn't a good idea to set this ordinance aside. I think that it was, um, personally, and a lot of people I talked to, poorly performed and at the future, the city may in a better position financially to implement the plan, but it seems -- and as the Oregonian had in their editorial today, it seems bad timing to have this particular ordinance implemented.

Katz: Why do you think that it was -- it was not performed well?

Steronko: Because people didn't sit down and talk -- the -- I don't believe --

Katz: No.

Steronko: In some instances, I don't believe that they understood what the job was. That when they classed --

Katz: Their own jobs?

Steronko: No, with the, when the discussion happened or in special cases, it was never discussed with people. They never did actually have conversations about what their jobs were. When I received my notice of what my, my job was going to be, I never got a job description with it. I never knew, all it was, was one, you know, three words. I didn't know if that was a good classification or not. I still haven't seen a printed out description of what my own job is supposed to be including. So, that's why I am saying, I think that there was some communication breakdowns in determining this, and key words, and think that they knew what the job was.

Katz: Okay. We will clarify that. Go ahead. You.

Mary Ellen Collentine: Thank you. My name is, mayor and city council, appreciate being before you today. My name is Mary Ellen, and I am currently with the water bureau, as an interim principle engineer. I am here before you today to, to comment on the nonreplicas comp study that you are being asked to prove. I am not here officially representing the water bureau's view, but I wanted to express my concerns with the portion of the plan and its impact on our ability to efficiently and effectively carry out the work of the bureau. I haven't reviewed the entire package, but I wanted to specifically comment on engineering classes. One of the most significant pay change that's proposed in the class comp study is, is with the senior engineer position. By way of background, senior engineers is the first nonrepresented position in the engineering class. Its responsible for managing large complex projects, and a team of represented engineering technicians and engineers who, under their tutelage implement intermediate and smaller projects. It's a key position for our bureau, and in managing our capital improvement program and other planning functions. Yet, recommended changes in the study include reclassifying the senior engineer to a lower pay grade. The consequence of doing this puts the entry level salary for a senior engineer, Ellen Parr with an associate in the COPEA class, which is about two levels lower. This is a position that's actually most commonly supervised by a senior engineer. In fact, for the senior engineer, would not catch up with the senior engineering associate pay level for, for approximately four years under the proposal. Portland is a pretty large city. We have to compete

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with a lot of other large cities for skilled technical people. And we typically recruit fairly widely to find the diversity and skills that we need for the types of projects that we do. We generally recruit both from the public sector, from the private sector, and other utilities. Redlining the senior engineer salary is proposed, will hamper our ability to attract those people. And will be a powerful disincentive for the own copea people to accept promotions into that class. I have already heard from one of my employees who recently accepted a promotion to senior engineer, and she is now regretting that decision out of the copea class. I am not sure how, how much analysis was done with, with the pay grades with nonrep and the copea classes, but it appears that there's an inequity there. Anyway, I am requesting that the council review those inequities, and, and see that the inequities can be addressed so that we can continue to, to be able to promote people internally and attract the people that we need.

Katz: Thank you.

*****: Thank you very much.

Katz: Will we be able to get some response with regard to the engineering classification? Okay. Go ahead.

Jim McEchron: Jim, I am the business manager, labor local 482 and a citizen of Portland, residing at 4641 northeast 74th. I am here today as a representative of my members, and representative of myself, as a citizen and a taxpayer. I appreciate that you have taken the action to remove this from the emergency. So, to allow a little more time to discuss this measure, plus the previous, the bhr study, and everything else. And I think that that was a wise decision. For the benefit of everybody. Today, you were being asked to approve a pay raise above cost of living for the highest paid employees. As I understand it, I got information out of the Oregonian, that's where I find everything that I know. [laughter]

Katz: And the --

McEchron: And the information I saw in there was \$611,000 impact in this year's budget. Which, of course, as we all know, with pay raises, that that come pounds through the years. I would ask you to consider the message you are sending to the employees and the citizens of Portland. To the people of Portland, you send a message that in a fiscal crisis, the programs and services that most directly affect them are not as valued as much as the need to give raises. Above cost of living, to the highest paid employees. You have told the public, we have a 14.5 million shortfall in the Oregonian, remember. The city budget, and you have said that shortage must be dealt with by cutting back on the services we delivered to them. And the mayor has proposed cutting entire programs, rather than continually pending the soup, so to speak, as a way to deal with lack of funds. Street cleaning and maintenance, parks and reb recreation programs, serving the needs of children, adults, and citizens with disabilities, direct services to the public, are going to be reduced or, perhaps, eliminated. The backlog of needed maintenance, structures, bridges, streets, playgrounds and pools will get longer. In this crisis situation, what message do you send the public when you spend over \$600,000 on raises for the highest paid employees, at the same time, you cut the delivery of basic services to the citizens. And what message do you send the employees of the city? To my members and the others in the dctu, even to other members of, in this same group of people who are being studied, you send a message of the relative value that you place on us, as compared to the highest paid salaried employees. We just settled the most contentious round of contract bargaining that we have ever seen. The highest is not an insignificant sum to the members of the dctu, that money would pay for 2 hurst of the 19 to 25% cut in the cost of our health benefits. If you didn't get the message in ten months, I will remind you again, now, that the health benefits are very important to my members and their families. 600 grand would mean that we wouldn't be

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looking at deduct deductibles so high that my members will be struggling to pay for the health care for their families. 600 grand would keep ten dcu members working for the citizens of Portland. It would mean that ten families wouldn't be looking at the loss of their income.

*****: Your time is up. Why don't you wind up.

McEchron: I think you need to consider the message you are sending. And you need to consider the message you are sending not only to the people of Portland but to the people who do the work for you. And thank you for your time. And I urge you to think about that message and to, to say no to this proposal.

*****: Thank you.

Katz: Further testimony?

Katz: Go ahead.

Michael Saling: I am michael saling with the Portland water bureau. I want to add a few things. Mary ellen captured a lot of the arguments I was going to make today regarding the senior engineering classification. There is quite a few concerns I have, and of course, the first people I turned to is bhr, and I asked them, you know, you are red circling in this instance, can you provide me some justification? Can you show me some comparables? What can you show in a that shows I should take a pay cut and what they told me was that they weren't providing that information to employees. Which, I think is very strange. I thought that, you know, that public records were, were available to all citizens, if they choose to look into them. But, maybe that's not the case, and I would like to get maybe a clarification from bhr, since some of the people are here today. The basic problem that I have with, with what's been done to the senior engineers, is something that I brought up in our original interviews for, for the class comp study. You have to look at the copea people that you are representing. Senior engineers manage and supervise copea engineers and technicians, and the fact that this new class comp study comes out with salaries that are less than or equal to the people that were managing, just seems ridiculous to me. And so, I appreciate that you are going to look into that, and try to make some sense out of it because it doesn't make any sense to me. Because it's something that, it seems like bhr is ignored in this situation. And I think the other key point is, is if you want people to be, to step in the supervisory roles, we need to pay them more than they are making as a copea represented employee, and who is eligible over time for quite a bit more than the nonreps are, at this point. That's all I have to say. Thank you.

Katz: Thank you. Jean?

Jeanne Nyquist: Good afternoon. I am jeannie, maintenance director. And I would like to talk to you about my perspective as a bureau director. I appreciate the fact that you folks have bypassed a much needed and well deserved raise. I feel like I should do the same. My bureau has about 400 employees. Most of them are dcu employees, and you have heard the perspective from jim. I have been hearing that a lot from my employees, as well. These last several days. We have a few copea employees, and then some nonreps. In my bureau, i'm slated to get about a 12% increase in my pay range. And my senior managers get a small increase, and we have a few administrative employees that get an increase. But, that's about it. The dcu employees settled for something that we, they weren't entirely satisfied with, and we have a number of classifications, like senior engineer and public works manager where there's some extreme compaction. So, I am faced with managing a bureau where i'm slated to get an increase, but others are not, and we are faced with making some pretty severe budget cuts this year. So, I feel pretty uncomfortable with the recommendation. I would urge you to vote no on it. I do understand, however, that a tremendous amount of work went into putting together this package by bhr and everybody throughout the city. If you do decide to go forward with it, I would ask you to take a look at those few classifications

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where we have some serious equity problems and some compression, and to think about how you phase in the salaries of people like me so that it doesn't look like we are aligning our pockets when we are actually cutting services. And that's pretty much what I have to say.

Katz: You don't have to accept the increase.

*****: So your 12% is result of being put in a new classification?

Nyquist: Yes -- no, I mean in the same classification, but the range was, was, was changed.

Katz: So your ability over the years will increase? You will be able to grow over the years?

*****: Right.

Katz: Okay.

*****: And I think that everybody understands that --

Katz: So your increase is not -- you said 12%. It's --

Nyquist: That's in the range. Not in the salary that I would get today.

Katz: Okay. You can't clarify that. Go ahead.

Marilee Laurens: Hi. My name is mary laurens and I work for the Portland police bureau, however I want to make perfectly clear that I am not representing the Portland police bureau when I am talking here. I am here for an entirely different issue on the agenda, but I have a couple of things that I would like to say in regard to my own experience. I have worked for the city for 28 years, in two different bureaus. And the last seven years I worked for the police bureau, and I think that they have an excellent program for career path within the bureau, and one of the things that I think, in the future plan that they had, is that, is helping people of nonsworn be able to go up in the organization. And since i've been there, I have taken tests and I have tested against other people. I have -- my, my salary has increased, and my position has increased, as well as my responsibilities, and I feel like I have been really treated fairly there. I look at some of the ways in which the people in the nonsworn areas of this study are treated and it does not appear to me to be in line with what we have, we have had in the past there. And I speak in, in the sense of, in the paramilitary structure of the police bureau, they have -- the officers, the sergeants, the lieutenant, the captains, and etc., and they had the nonsworn position be in position to go along with that, the people that they are supervising, and myself, I supervise a lieutenant, a sergeant, and eight officers. And I am a nonsworn employee. My position on, on the new classification has altered. And I am not happy about it. And that, that is my owner personal opinion about it. But, what I would like address right now in the few minutes that I have left, is that I really felt that that -- the survey thing that was sent out in july was oversimplified by the gentleman that was talking about it. He said that he had -- that the responses that he had and what he thought was really fair about having three reviews and 365 changes and 47% of the people and all of that. I would like to tell you my own experience with this. I received my, my, my description of what my job was, and that's all you got. You didn't get much -- the money part, we are talking about the compensation, but, and it described what my job was, but it doesn't tell you anything about anybody else's job in the city or it doesn't tell you anything about anybody else's compensation so to be able to find out where you think that you might be able to be better suited in the city, or better job description, you have to go onto the internet and go through, through all of the things in the city and look at the classifications that they have said, and they have changed the names from what they were before, so you don't have anything to, to relate it to, so you have to go one-by-one, through each of the things, to see if there is something that, that you would wants to that you think that you would, you would best be suited for.

Katz: Thank you.

*****: So, it's very oversimplified, in that explanation.

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Katz: Thank you.

*******:** Two more.

Katz: And that's it. Okay. Go ahead.

Kelly Shephard: I am Kelly Shephard. I am a public works manager at the maintenance bureau. I was disappointed with the previous testimony on the bhr rules, I think there is more to that than the bumping, and I hope you guys look into that. -- bumping, and I hope you guys look into that. I had some real issues with this classification compensation study. I don't think that people understood operations, feel work, what we do out in the field, how much impact and the importance of it to the city. We filled out our position descriptions. They were asked when they were going to come back and interview us because they never showed. They had forgotten us. They came back and interviewed us during our interview, it consisted of, were you happy with -- did you have any positions with your description form? That was it. No follow-up questions to any of the answers. No prepared questions. No nothing. And three of us, of us public works managers had been in that position for a little bit less than a year, so considerably less than a year, so we did not have full comprehensive of the -- comprehension of the position. We explained that to them and told them what the other upcoming asr and what responsibility was going to fall on us, but that was up in the air. It was dependent on how that turned out and what role bhr decided we were going to play in that. There is some real issues with that, and I am not trying to take away from all of the work put into this, but as my bureau director mentioned, some of the compaction in the classes, such as my class, I took about a 5% drop in pay. I am the first step above hourly wage, normally when you go to a salary position, there is somewhat of a gap in wages to acknowledge you still spend the same time there. Sometimes more, quite on which more, but you don't get overtime, so there's that little gap there. My concern would be bhr overall is the fact that, that my view of a human resources bureau is a bureau that is there to assist the other bureaus in performing their duties and in their operations. It appears through both the, the, the administrative rules, and these, that they are trying to turn themselves into a somewhat controlling bureau. My director has went and tried to work with bhr several times about our, our job description. I have public works supervisors who work for me, who are on a mandatory on-call status every week, every, once every six weeks. They rotate it. That is not acknowledged in, in either their class description or in -- we have no way to compensate them for the impact on their lives for being on call. My division administers an inner agency agreement we have with bes. And those on-call issues are sewage going into basements, csos to the river. Things like that that save the city thousands and thousands of dollars, and we try to explain to them that, this is something that, you know, saves the city money, and it impacts our lives. We were given the cold shoulder. I think that the people that do the jobs, and the managers over those people know those jobs more than the people downtown, and should be acknowledged.

Katz: Thank you.

*******:** I will try and make it quick. Since this issue was raised in the context --

Katz: Identify yourself.

Yvonne Martinez: Sorry. Yvonne Martinez, spokesperson for the dctu, council 75. Since this issue was raised in the context of the dctu contract, I am compelled to address the issues to correct the record on a few critical points. One is that, that the last -- it was over three years ago, that there was any classification study done for dctu represented employees, and the standard, the standards that were used in that, in that comparison were nonrepresented cities in the south, as some of the comparisons. The next issue is, the last contract negotiations, there was no joint process. There was a study that was announced, but we had no input into how that, that study was done. And in

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fact, the contract resulted in no raises in any classifications across the board in our negotiations. And lastly, there, in fact, is no adjudicatory process that ends in arbitration in our contract. So, if there's a classification dispute, there's a process that goes through, but it ends with a recommendation from the, the hr director, not with an arbitrator, so I wanted to address that specific point because it was raised earlier today so I wanted to make sure that that was clear for the record.

Francesconi: How does it end? I am not clear.

Martinez: A civil service commission is convened, but the commission hasn't heard cases in years, and then ultimately, it's a recommendation by the hr director, in conjunction with civil service commission, which hasn't heard a case in nobody knows when.

Katz: Thanks. Come on back. A couple of issues. Has anybody been writing them down so that I don't have -- why don't you go ahead and take them as they come along, and if you haven't mentioned them, I will mention them. There was on call issues, there's the, the engineering. There's the capea analysis.

Deckard: I am going to have sandy to deal with the engineering, copea issue. The last issue, the on-call issue, there's not on-call now. So, I am not real sure what that issue is.

Katz: There isn't any on-call additional benefits for on-call now?

Deckard: Correct. And we certainly didn't propose any in the administrative rules.

Sten: Is it the I know that they get overtime if they are called?

Deckard: If they work overtime, they get overtime, but in the rules we left overtime in for public works supervisors. That was the class that we left it for. Now, what we did do when we looked at the study, because obviously, there are a lot of, quite a few classifications that are flsa exempt, that the city has paid overtime to in the past, that we decided to discontinue that, and I mean, that's how you got to the half a million dollars, you know, almost half a million dollars in overtime that we paid to flsa exempt employees. One of the things that we did do when we conducted the study, is that we tried to take that into consideration when we looked at the market. We looked at whether or not who, who, who we are paying overtime to and how to reflect that somehow in the wage. Now, one of the things that I have tried to stress earlier that because of a lack of a system, or such a fragmented system, that bureaus have reclassified people or, or, or people have been reclassified inappropriately so they are all over the map, and when you go into fix your system, as a result of that, you do see what errors are in the system, and the study is designed to correct some of that. As, as, because of that, you do have people that will go down and some people that will go up. The nonreps have the same formal appeal process, remember, when we did the dctu, as a part that far study, and negotiations, we agreed upon what the formal appeal process would be. Dctu agreed with the city that they wanted to do a board as a formal appeal that, that comprised of outsiders, as well as some internal people, and that's what we did, that was what was negotiated as their formal appeal process, and that's what we did. The civil service board is meeting, and they are hearing cases. So, I just wanted to, at least address that issue. The other issue that we heard about as far as specks, a lot of people confused jobs what we used to call jrjds, job descriptions with job specifications, I am sorry, job classifications.

Katz: So clarify, clarify for us what we, we heard --

Deckard: When you, as we write the, the specification for a classification, it describes in broad terms what that position does. It is not designed to capture every task that is performed in a particular -- for a particular individual, during the course of their work. Because you are, you are putting -- specks are very broad, and so within that, it is designed to be able to hire a lot of people that format various levels within that class speck. And so, when people read their class speck, they

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read it and they say, is this what i, you know, am I doing these things. They are going to see not in specific terms but in broad terms the things that they do, and people will come back and they have come back to us and said, wait, but I also do this and you didn't write that down. And what we have tried to do is go back and say, this language means these, you know, this body of work or these types of, of tasks. And so, it's, it's very difficult, you know, work to, when you write, when you write a job specification for a classification. I think I need to let sandy deal with the, with the engineer piece.

Katz: Okay. Go ahead.

*******:** And there is some things that david has written down, that we also wanted to cover.

Katz: Okay. Sandy, talk to us about engineering, the copea analysis issue that was raised.

Comrie: Just, just a further word on the class specification issue, is intended to be an overall statement of the essential duties and responsibilities assigned to a class as a whole. So, for my individual position I may perform very specific additional tasks, but those aren't described in that class specification, so as yvonne was saying, some people, sometimes are concerned that those, those additional responsibilities are, are not listed there. Really, what, what, what the classification is intended to do is to give a broad picture of the duties and responsibilities that go into that classification, so that, that bhr and the bureaus can insure that jobs are properly allocated into the, the structure. With respect to engineer. Of the engineering series, engineering series represented some challenges to us in conducting the study. Because they, they, parts of the series fit the description I gave earlier of, of either being more generously compensated in the current plan, or less generously. The top end of the engineering structure was highly compacted in terms of pay levels, and the, the principle engineer and the chief engineers really have been undervalued from a compensation standpoint based on the content of what they were doing relative to other people in the organization. At the senior engineer level, the pay levels were more, more generous, we found, in doing the salary survey and in looking at the class of senior engineer from job content perspective. We looked at that job relative to other engineering classes, to other engineering oriented classes to specialists in other professional disciplines, and it is in a salary grade that represents our judgment about, about an appropriate alignment between senior engineer and those other classifications. When you go to the market and look at what the market data tells you about, about the salary level if a senior engineer, the city has been relatively generous, in how it has paid the senior engineers and I am sure that that is, you know, for reasons of wanting to be able to tap into a market and get highly competent people, but nevertheless, when you have -- when you fit all these pieces together, it means that that is one of the classes that is a bit, is in a salary grade that's a bit beyond what the current salary grade is. So, it is based on an internal analysis of senior engineer versus other professional jobs, and a review of the market data, and --

Katz: And did you look at the capea analysis of, of that same classification?

Comrie: Well, the copea analysis is not yet complete. My recollection of that data is not consistent with what, what the testimony was, but I don't have the data with me. So I would be happy to get that.

Francesconi: But do you have the effect, then, of one class supervising another class of engineers, and the other class that's being supervised is paid more?

Comrie: My recollection of the data is that that would not be true on a base salary basis. What the salary is, based on the salary grade structure for senior engineer, a copea engineer would not be an overlap. Now, you know, the, what they may be taking into consideration are some other factors. I'm not certain. That's what we need to look at.

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Deckard: The copea people are eligible for overtime, where as nonreps are, and it's those kinds of factors that sometimes people add -- they add the complete wage, whereas when we do studies, we are actually looking at base wages.

Saltzman: Have we looked at private sector for comparables?

Comrie: No, we did not. We looked strictly at the public sector, and that was an issue talked about at the advisory committee, and in subsequent meetings from, from, from a compensation theory point of view, what you most want to do when you are picking comparisons, is to pick organizations that are representative of, of the marketplace in which you have to compete, and we were confident that in picking the public sector organizations, we did for survey purposes, that they, too, are competing just as you are in part, in the private sector market, so their salaries are responsive to the same kinds of issues and demands of the city of Portland are.

Saltzman: That makes perfect sense because when you said we are paying the senior engineers higher than normal, I would think if we are comparing private sector and losing out in the fact that, that often private sector engineers have a chance to, to acquire equity in a firm, because a partner, a lot of other things, that --

*****: There is a lot of factors that are not comparable between those private sector firms, especially consulting engineers. We often find that, that engineering groups want to have consulting engineering firms added into a survey group, and that simply is not comparable for the reasons you have said.

*****: We have heard from bureaus this is an issue for them. It's a tight area, a tight area, the study continues to make it a tight area, and it also, it's not, as simple a solution as moving them up a rung because that creates some other disharmonies with other groups.

Rhys: Perhaps, drawing together the bureaus that have senior engineers, and, you know, we don't have the answers, the consultants have looked at it, but, maybe between us all, looking at the, the ideas that might be drawn from bureaus, we can come up with some other concepts, might address that issue in different fashion and moving them up a rung, so we are very interested in doing that. I have yvonne's support for, for convening some sort of discussion, seeing what can result from, from a broader, a broader net across some greater minds across the city that are dealing with those people so that we are not operating completely in a vacuum in terms of setting wages. Is there something else that we could do for that problem.

Saltzman: Are we going to look at the copea issue, too? The --.

Comrie: Before that process is complete, that will be looked at.

Rhys: And one other thing, as we haven't put a wage proposal on the table for copea, so that's why it's not complete and that's subject to negotiation but as we do that, we are looking at the ranges that the nonreps are in and the ranges that the copea is in and trying to make sure some sense that they all fit together, so, so provided that that's an effective process, and we are working very closely, working very closely with employee relations on that, that issue, itself, that issue should, should resolve itself differently than was we heard today, but again, I don't know the specifics of what was presented. We need to look at that.

*****: I guess --

Katz: In closing? [laughter]

Deckard: Are we closing now? Did you want us to address the issue.

Katz: Address the issues that were raised.

Deckard: Okay. Well, one issue that I wanted to address is, is one of the gentlemen raised was that bhr refused to work with his director, or jeannie, in the maintenance bureau, and I think I can safely say, we worked very closely. We did not refuse to talk to any director or employee when

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directors asked us to go back and look at things, weed at things two or three times, and especially within the maintenance bureau. We worked up until the last week with the maintenance bureau trying to look at issues and having them to submit things, and we will continue to do that, and so, I really do want to dispel, you know, at least that perception that somehow, that we are not working with the maintenance bureau, and I have heard that continuously, at least with that, with that particular bureau, and i'm not sure, you know, how to dispel it, other than to say that we worked with them, we are going to continue to work with them to try to address the issues. I would like to david to address the issue of, of people requesting information.

Katz: I think you touched on it with regard to looking at the classification but I may be wrong.

Rhys: That is how we addressed it, and sandy may have a quick comment to address in, terms of if people are looking around for other classifications that they might think fit them, should they go to a line of where -- of who is paid the most to select or to choose among classifications, or should they really look at the work. Our approach was the people should really look at the work and say, this isn't their classification, is there a different classification out there that better describes them. In terms of information that we made available, we haven't made compensation information available. We did review that with bureau managers because it was important for them, for their organizations to take a look at, at where people were being compensated, and initially, we made available where the market said it was, so that they could kind of see either that we are replacing them within the mark or around the market or something. As part of the work that rsg did, they did a market survey and we have we haven't released that because it creates more questions than it solves. A lot of the issues that you have heard about today aren't really market issues, so much as how the internal equity things line up. Is this job bigger than another? I used to be on the same level as another classification, and now i'm not. And that's primarily a product of taking a look at individual work and seeing, in terms of our organization, where that lines up and making up some disparities that occurred over time.

Katz: In a way, all of this is, cense a real message to all of us, you can't wait 12 years to do this. That over that period of time, things happen within each of the bureaus that when you finally make the, the decision to do a market rate study, you begin to see all of these inequities and then people feel uncomfortable about enacting it because those inequities exist. It's not --

Deckard: It's definitely a problem.

Katz: It's a problem, and then, and then, then being, being criticized because, because the potential salary increase is so high.

Deckard: Right. And I tell people all the time, and I have told you, classification compensation work is, is -- it is very complicated, complex work, and I think what, what further exacerbated people's understanding of it, is that it is not an exact science, so you have a methodology for your organization. You go out and look at it one methodology that we have when we looked at the studies that the city of Portland didn't need to be or we didn't desire to be in the 0 percentile of the market -- 0 percentile of the market, but we wanted to be in a position where we could be competitive and attract and retain, you know, employees, and so you have those types of methodologies, as you look and then you compare that, and you look at internal equity. The more fragmented and disarray that your system is in, the more corrections you have to make, the more outcry you will get because people will not understand because it was just so torn up to begin with. And so this is, this is --

Francesconi: Here's what I am thinking about, and you can react, and what I would like. On the one hand, the earlier discussion and item, we wanted to treat people fairly procedurally. This discussion -- the nonreps procedurally to make sure that they had, they had, they had the right

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processes in place for fairness. I think what we are talking about now is we want to make sure that we are paying people for what they do based on some fairness in the market. So, it's similar to the same issue we just talked about before, it was the bumping rides or seniority, now it's pay. And you know, it is important to pay people, especially when we are asking them to do more with less. What they are worth, and I understand that. Or else we are going to lose the motivated workers at the wrong time to serve the public. On the other hand, I understand that, that the, the morale issue, when especially the top managers receive increases at the time of layoffs, which cause a different kind of morale issue. And the park's bureau is going to be in that situation, as well. So, one option is, maybe, well, I guess I am asking, is it an option where I deal with it as a, and I deal with the director in terms of whether we voluntarily forego increases? Or we postpone increases? That's a question. Would it mess up the system?

*****: Well --

Francesconi: Let me finish. And then, I am saying that that is, is -- I am asking if that's an option. If that's not an option, then you can address both. I need you to come back before we vote on this with looking at that question with, with some options in terms of phase-in for the top managers. If there is an option because I am concerned about the morale of the employees. If you tell me that I don't have any options, you need to tell me that and I will have to make a decision. So, go ahead.

*****: Well, once again, all of those positions are tied or interconnected with each other, so at some point it gets back to what commissioner Hales asked, and that is, you know, you could say for, for, you know, your directors, you don't want to do anything, but the next group down from them is tied to that, and so now you have created a disparity of, you know, in your system, and it just goes down so, at some point you have got to figure out where you want to, to draw the line. We looked at this before we came forward with this ordinance because as we tried to look at some kind of creative implementation, we figured okay, how can we break this up? Is there a way or a line somewhere that we can break this up and say, you know, at this level, we don't want to implement the study. And look at it a phase-in approach. We couldn't fine that line. Now, certainly remember, what this study does is it, it does give people some potential growth, based on performance management. You know, do you have to give that growth, once you put it in place? You know, and maybe what you are saying, commissioner, is harder to say that the pay line is here, but you know, yvonne, we're not going to, to even though you performed well, we are not going to give you an increase, I mean, you know, that's an option. It's the same as, as the, the cola issue, when, you know, someone came up and wanted to know if we were taking away cola. Cola is given, voted on and given by council on a yearly basis, so it's not a guarantee that next year that council will extend cola to nonreps. We have not proposed, you know, any change in cola in this ordinance. Which was another question that was out there. But, all of those are options, you know. The council could vote not to give nonrep colas, as you are evaluating your executive staff, you could determine that you don't want to, even though they have growth, that you are not going to give them the growth. I don't think there's a clear line there.

Katz: The growth is not automatic?

*****: It is not automatic.

Katz: And it's based on performance evaluation.

Deckard: Correct. Based on performance management, and quite frankly, the type of performance management tool that you will be receiving, is, is, I think the criteria is a lot different than what, what's out there now. There are things that will be tied, such as budget. Such as measurable indicators. Such as diversity, but all those things that you haven't had before, that you will use as criteria.

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Katz: Okay. So let's kind of review what we decided at the, on the rules. That we will have a work session. Council have identified some of the issues that commissioner Saltzman and commissioner Francesconi and others have raised, that we would like for you to come back to us, if they want to work session, if they don't want a work session, they are going to have to that we don't want a work session, otherwise we will combine the two in the work session, and then bring back both of these items to the council at the appropriate time when you think that you have, you have completed your work or have had those conversations that you said you are going to have with regard to engineers, and then maybe other groups. In addition to that, there will be a mechanism that you will clearly describe in terms of the appeals. Okay. All right.

*****: Right. The appeals and then the redeployment, okay.

Katz: Okay. Thank you, everybody. Let's move on. It's 2:29. Everybody has eaten, except -- well, except me. [laughter]

Katz: And some of us have meetings that we need to go to. So we will proceed. Thank you, everybody. It's not an easy issue. And we will get back to it. Okay. 1436.

Item 1436.

Katz: All right. You are here for trees.

*****: On a lighter note.

Katz: On a lighter note. And they are all in north Portland.

*****: You are right. Identify yourself for the record.

Phyllis Reynolds, Chair, Heritage Tree Commission: My name is Phyllis Reynolds, 4471 Southwest Fairview Circle. And I am here for trees today. Thank you for not bumping me. Mayor Katz and members of the city council. I, on December the 6th --

Katz: I am listening to you? All right. On December the 6th, the urban forestry commission voted two trees to bring to you today for, for heritage designation. Oh, yes. The first tree you are looking at is a, a bigger pine, which now is known as a gray pine because in 1993, someone decided that, that bigger was politically incorrect. It was a pejorative term for California Indian who dug for their food. So, now it is a gray pine. This is one of the very, very few in the city of Portland. There are four on Mt. Taber. This is huge. As you can see, I think, it's, it's been non-cosmetically altered a bit because of the power lines, but we all feel that this tree, because of its size, because of its rarity, it's a native, by the way, of, of California in the dry, dry foothills of the central valley, and it survives here. This is huge. It is covered with cones, and if you want to show the next one. The next slide of the cones, there are the cones, and you can't get any concept of the size of these cones until you see the next picture. Okay. That's a cone that I collected down in California. It's not from this tree, but it's, it's from, from a gray/bigger pine, and that arm is my husband's arm, right next to it. So you can see, you don't want to stand under this tree in a windstorm.

*****: You don't want this to be a street tree. [laughter]

Reynolds: This is a street tree but I have tried to get the cones from this tree, and I think that the people who have the house right there pull all the cones in. Anyway, the cones on this particular tree are not that big. But, they are sizable.

Hales: Is it a street tree, you don't want to walk down the sidewalk on --

*****: That's right, that's right. [laughter]

Reynolds: It's rare, and it's in very good condition with 35 inches of rain that, that it never would get down in the foothills of California. Okay. That, that tree is on North Mason, and the next tree -- oh, I hope you can see the color better than I can. This is a scarlet oak. It is about 100 feet tall about, -- about 80 years old, about 12 feet in circumference, and if you can believe it, I had to go

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back and back and back to get a picture of that tree. It's about 80 years old. It was possibly planted by raven, of the ravens of raven creamery, who lived in that area. And this tree is going to be the center of a celebration in the neighborhood in february when they plant trees with friends of trees, and they are extremely proud of the tree in the area, and the owners. And so I hope to, that you find both of the trees worthy of the designation.

Katz: Thank you. They are beautiful. Thank you. Anybody want to testify on these trees if not, roll call.

Francesconi: Thank for you your work on the urban forestry commission, which we are revitalizing and you are doing a very good job. Aye.

Hales: Thanks for waiting around. What a nice respite from the rest of what we have been doing today, for us. So, you couldn't have been at a better agenda, as far as we are concerned, but I bet you would have heard a different one. Aye.

Saltzman: Thanks for your leadership in preserving the. We have a lot of great trees in the city. It is good to know that they are protected.

Sten: These are two good ones, aye.

Katz: Aye. Thank you. All right. We are now to our regular agenda. 1459.

Item 1459.

Sten: I am going to talk to you here today about the assessment. I think that at this late hour, we covered it all in informal. This says that we are going to do what the assessment team recommended and be back to council in about, about four months to let them know how that, and take the next set of steps from there.

Katz: Okay.

Saltzman: He guess we don't have anyone here from the team. Ron is here, okay. I will really glad that, that this resolution embodies an approach that I think that fully accepts all the assessment team report, and I feel now that we have a rational course of action, and clear time lines to follow. And the water bureau, bes, and commissioner Sten, and his staff have all been working very hard to deal with this problem we have here. We still have work to do, however. We need to resolve the next set of issues confronting us, including reaching basic functionality, and securing a workable maintenance agreement or a settlement with them to obtain the open vision source code. I have faith in commissioner Sten that they will be able to negotiate with sds, and I look forward to Inf and the council having a chance to review that agreement, and within 120 days. So, again, the combined recommendations, water bureau, Inf and bes regarding the terms of this agreement are important to my understanding, it is important, and I think it will be for the entire council, and finally, just good, good work to everybody involved, and particularly, ron bergman, tim grew, dean marriott, tim, and of course, commissioner Sten and his office, as well.

Katz: All right. Anybody want to testify? Roll call.

Francesconi: Very good work, commissioner Sten. Aye.

Hales: Amen, aye. **Saltzman:** Aye.

Sten: Just quickly, I want to thank ron and his team. He's the only one here but they are all watching. This was very difficult work. We have a very, very sticky problem, and it was done openly, and aggressively, and ron and I had a few arguments along the way, which I think was a sign of how hard we were working on it, and I think we came up with the right recommendations and I think that the next report will be what people want to see in terms of progress. Aye.

Katz: As somebody else who monitored the work, I was familiar with some of the arguments and I think that they were really resolved, and I am very pleased that both commissioner Sten and

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Saltzman were able to resolve some of the issues. Final decision, of course, will be the council, but I have faith that we will get there. Aye. All right. 1460.

Item 1460.

Katz: All right. Anybody want to testify? Roll call.

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

Katz: Mayor votes aye.

Item 1461.

Katz: Anybody want to testify? Roll call.

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

Katz: Mayor votes aye.

Item 1462 and 1463.

Katz: All right. Anybody wants to anything on this? Come on up.

Jeff Bissonette, Citizen's Utility Board: Good afternoon, mayor Katz, city commissioners. I am jeff, I am a staff member of the citizen's utility board of Oregon, statewide organization that represents residential ratepayers of regulated utilities, including electricity, natural gas, and telecommunications. I come before you today briefly to assist us both in the current agenda item, 1462 and 1463, as you are well aware, qwest communications is withholding the franchise fees, or payments to use Portland's public rights-of-way prior to a court ruling on the merits of qwest's legal theories regarding rights-of-way payments. That, of course, has had a troubling fiscal impact on the central city services and we are also concerned about qwest's lack of clarity about what it will do with customers' money. It has collected to make the rights-of-way payment, if it does prevail in court. That's why the city council consideration this week of, of, again, both this item and the next one pertaining to qwest communications merit and additional comment, it might otherwise appear the city is carrying on business as usual with, with qwest, despite its legal actions, and unwillingness to clearly state what it's going to do with the customers' money. We at cub observed that the city finds itself in a dilemma faced by many other residential customers, as well. In considering the context for both of these items, the citizens who are also consumers, should realize that qwest, like its predecessor, u.s. West and pacific northwest bell, enjoys the status as a monopoly local telephone company in the city of Portland, and, and throughout the service territory. While qwest will be quick to say that local telephone competition exists, in truth they continue to be a monopoly provider. Therefore the city's telephone service options in general are as limited as the options available to most other Portland qwest residential customers. That is, as many of our members have told us, extremely few, if any reasonable alternatives exist, other than qwest, to get a dial tone in your house. Therefore, I just wanted to come and express today that we had, we are sympathetic to the situation that the city now finds itself. You have to continue to do business with qwest, despite qwest' conduct, and it's a situation similar to those folks that call our office week after week saying if there was a choice, they would do business with somebodies in a heartbeat. But, you as public policymakers and decision makers on our behalf have to do what, have to do what you must do to maintain the city's infrastructure, despite the situation you face. But we support pass public statements that the mayor and other city officials have made in urging qwest to deposit the franchise fees, it is collecting from customers, but not paying to the city and other municipalities into an escrow account. Customers have the right to know that any money collected for a specific purpose will be used for that purpose and if it is not, it will be returned in the entirety to them. Thanks for this opportunity to comment on these agenda items.

Katz: Thank you. Let me ask you a question, you are going to the puc commission to make that request, as well?

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Bissonnette: Yes. The, the escrow account is a legal argument that the cities are making, and we are exploring making a similar request of the puc to do what's called a deferred accounting mechanism, so that, so that that money can be tracked and if the, if qwest does prevail in court, then we know exactly how much money is at stake and what needs to be returned to the customers.

Katz: Just wanted to know. Thank you. Already. Did you want to come and testify? Come on up. Anybody else want to come and testify?

Jim Edelson: Thank you. Mayor, and council, my name is jim and I live in the laurelhurst neighborhood. I want to make three quick points about qwest's application to renew their permit, to working the right of ways. As you know, 7 pest of our local phone line payment is coming out of the checkbooks extensively to reimburse qwest for the right-of-way franchise fees but instead, it is being deposited into the treasury of the out of state corporation. As I reviewed the pleadings in the qwest versus Portland case, there are, the audacity became very evident. The language is quite clear that you are allowed to assess fair and reasonable compensation from telecommunication providers. Well, maybe this isn't fair. It turns out it was the company, qwest that, virtually wrote the provision of the Oregon telephone law a few years back to authorize the 7% fee. And that was only so that they could have a reduction from the 5.5% gross revenues fee. But, what are the grounds for their lawsuits then? Well, they are claiming that, that this 7% payment may have the effect of prohibiting the provision of telecommunication services. Yeah, they have the audacity to claim that the law that they wrote, and that is nothing more than a transfer of 7% of the telephone exchange revenues from customers to the city for the use of the right-of-way, is going to put them on a monopoly business. I sympathize with the case that you are trying to pursue in court here. So, we have a company that's inaccurately reporting and representing this charge on our bills, and they are collecting funds from all of us as customers, and accepting that money to their out of state corporate treasury. And because of this, they are forcing the city to make the choice between coming back after-school programs, reducing police and fire protection, or putting parks maintenance on hold. And then, from a customer standpoint, without any alternative, like jeff was saying, we have the alternative of either not paying this charge or having our phone service disconnected. Um, some people I know would label that type of business behavior, extortion. So, the second point that I want to make is what can a customer do? Well, you really don't have much choice on the phone service, but on november 14th, I did disconnect my qwest dsl service because of this behavior, and I urge all Portland citizens who feel cheated by qwest withholding of the franchise fees to disconnect their broad band provider and to choose another broadband provider, and when they do, you can be sure that they will ask you why you canceled your service. I was ready with my answer. [laughter]

Edelson: And third, I would like to make the recommendations to council. I recommend that you pursue everything legal recourse available to you in this process, to assess as many fees and conditions to them as are legally available. If you remember, I would request that the city on behalf of the citizens, file counterclaims for the damages that are being brought by the denial of these funds to the city.

Katz: Thank you.

Edelson: Maybe then qwest will accept the fact that it is they who have the privilege to serve us, and not us who serve them.

Katz: I am very afraid to say this, because last time I said it, I was -- no, I guess I won't. [laughter]

Katz: But there are other options. [laughter]

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Edelson: Yeah, there you go. Cell phones.

Katz: Thank you.

*******:** Thank you for your time.

Katz: All right. Anybody else want to testify? Do you want to testify? Come on up.

Greg Peden, Director Public Policy and Legal Affairs, Qwest [break in text to relieve captioner] [clerk's note: Mr. Peden gave a very brief statement of his title with Qwest and their need to continue the permit,] having the ongoing litigation concluded at that time if we would a permanent agreement based on the lawsuit -- that's all I have.

Katz: There are any questions? Commissioner Sten?

Sten: What -- what's the distinction, usually when two parties are in a lawsuit, if they're of good faith they try and work with each other to keep things in place until the courts decide. It strikes me this action on the city's part is in a accordance with that type of approach and withholding the fees is the opposite. I appreciate you coming to praise us for helping you out while you sue us, but why aren't you guys taking the same approach as business as usual until the law is settled?

Peden: Commissioner Sten, our position on the fees is that the decision that of the ninth circuit court of appeals which is controlling authority in Oregon and the other ninth circuit states of Oregon conclude the these fees are legal and once stated by the court last spring, there's no reason to pay them.

Sten: What would be the reason if they're illegal for consumers to pay them?

Peden: Qwest believes we have a liability to the customers. We've stated we put these funds in an escrow account, which we have, and upon a decision of favorable decision from the district court here, that we will be refunding those fees to our customers.

Saltzman: Where does the interest go?

Peden: To our customers.

Saltzman: That would be part of a refund too?

Peden: Yes.

Katz: Further questions? Thank you, greg. We're not happy with you. Not you personally.

Peden: I understand.

Katz: Roll call. [ayes]

Katz: 1463.

Item 1463.

Katz: Come on up.

Nancy Jesuale, Communications and Networking: Good afternoon. It's rather unfortunate timing to be bringing these two issues together, but maybe not. [laughter] people in my bureau call me a suicidal optimist. I may be showing you that today. But basically what we're doing here is allowing the earning to begin using qwest copper at wholesale rate and for the city to cease paying retail rates to qwest, which by the way include franchise fees. So right now money from the general fund is going into that escrow account and that -- not coming back. So there's a bit of irony there for you. This is going to decrease our payments to qwest by millions and millions of dollars.

It's going to provide a dial tone alternative for every public local government entity, and educational institution at once. And we're moving at great velocity toward implementation.

Katz: And the implementation date for this to save us millions and millions of dollars will be?

Jesuale: Well, I can't begin ordering circuits until I have this agreement in place by qwest rules.

You'll probably see me trying to walk it around today to get it signed. The ordering will be -- will begin, you know, within weeks. We're trying to get qwest to complete the city standard agreement,

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which the city attorney's office feels is necessary prior to us actually completing an order with quest wholesale. And i'm doing everything in my power to get that finished as well. So you'll see a couple of other actions coming, but to answer your question, we will begin implementation -- we have begun implementation. The water bureau data circuits are being swung over at the end of december. Those are our most expensive retail circuits. And this implementation is continuing with the voice system cutting over in june of 2002. So between now and november of next year we will do 100% cut-over of all of our services. The other thing you're going to see is our igas with the county, the mesd, Portland public schools, with the city of gresham, with the city of troutdale, with metro, with Portland community college. These are going to be my next agenda items and they'll be cutting over too.

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

Francesconi: Nancy, this is a very terrific work and it bodes well for our future and it's another way to help our city and our educational institutions. Maybe the timing here was -- there was a message. Our dispute with qwest has very profound and significant consequences for our city, and in particular two of my bureaus. Having said that, I think it is important for us to remember that it is both a very significant legal dispute that we have of a very significant business dispute that has enormous consequences, but it's not a personal dispute. So we'll work through this, I hope. Aye.

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

Katz: Aye. Measure passes. All right. 1464.

Item 1464.

Katz: All right. You're going to promise it's going to be brief, commissioner Francesconi?

Francesconi: A couple things I want to say. It's very brief. No testimony. There's a substitute. It has a different exhibit a, where we took a deeper cut, the 2.2 cut to match the forecast. That's all. So I guess i'd move the substitute.

Hales: Second.

Francesconi: Thank you. **Sten:** Is --

Katz: Any objections?

Sten: No. It may not be something we can address today, I don't quite understand how this coincided with the budget process where we decide what numbers actually get cut from different bureaus and I want to make sure we get that straight with the public. Not that you're not trying to.

Francesconi: No, no, it's fair. I talked to the mayor about it but I haven't talked to the council. The budget process will control not this measure, not --

Sten: Whatever comes out of the budget will be -- we'll get the budget figured out in time to make sure it's clearly reflected.

Francesconi: I hope this is it and we'll have those conversations as to why. Okay. Anyway. But what -- are you clear, commissioner?

Sten: Yeah.

Francesconi: First I want to say how pleased I am to see my staff and david and charles here. I appreciate you coming here, folks. I knew that the parks bureau was the primary deliverer of services to our children, but I was a little staggered by the numbers. I asked them to do it. Just in this past year we've served 45,000 people. 23,513 were youth, 19,500 of those were youth under the ages of 10, and this did not include the after-school homework clubs, the drop-ins, the swimming pools, the playgrounds, the after-school gym hours, the natural hours or all the open space and parks issues. One of the things that we all appreciate about Portland is its sense of community. I've come to believe that our sense of community really -- is really nurtured and

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developed in our schools and in our parks. And they more than anything have enabled us to be one city to keep families and children living in our city, and not to flee to the suburbs, and that's something unique about Portland. This park levy is an opportunity for us to continue the legacy we were given. To say yes to this legacy and to do our part to preserve it. Yes to taking care of what we have, and ensuring a strong system is in place for future generations. We have a park system that is fiscally efficient, that's been audited and is implemented the recommendations. A park system that leverages 6,000 volunteers to maintain programs and parks. A park system that charges about 60% of its budget to fees to the users. A system that has -- is manned and trained by dedicated professionals to solve -- to serve youth in all segments of our city. But we need to do a better job. We can't go backwards. So we have to restore some cuts to programs that are -- our youth, our seniors and our families depend upon. We need to restore basic maintenance and upkeep of our natural areas, sports fields, and recreation facilities. We need to help our partners, our schools, by maintaining fields and sports facilities on school property, as well as replacing outdated and unsafe school play equipment. We need to enhance and expand existing after-school programs so kids have safe places to play as well as homework help. And finally, we need some one-time renovations and major maintenance to our existing recreation facilities specifically university park, wilson pool, and the east Portland community center. So I appreciate all the support of the council. I appreciate all the hard work of the former parks commissioners mike lindberg and my colleague, commissioner Hales. Now it's our turn to work hard with all the parks supporters in this community to make this effort a success. Aye.

Katz: This wasn't -- I didn't ask for roll call yet.

Francesconi: Oh. I thought I was voting. I'm sorry. I was so eager to get this thing voted:

Katz: But that will be your speech when we do roll call. [laughter] roll call.

Francesconi: I can do it better this time.

Katz: No.

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

Katz: I'm going to vote aye. I think I have spent more time on this budget, not more time than commissioner Francesconi, but more time than most of the other budgets because of the fact that there is no way in our analysis that we can keep up with the maintenance of the current system. Now, this is in addition to the current system, but we've been putting half a million dollars a year additional resources into maintenance, we can't continue that. And this structure demands and needs far more support from this community than we currently have resources for. So I am going to vote aye. I do need to flag this issue that was raised just a few seconds ago, I don't know what the budget cuts will be for each individual bureaus. Depending on where our forecast goes in the next month will depend on how much I have to cut. I can't keep parks harmless, but my home is that we can mitigate as much of the reductions as possible. Aye. [gavel pounded] okay. 1465.

Item 1465.

Mark White, Right of Way Acquisition, Office of Transportation, Engineering and

Development: Good afternoon, mayor. My name is mark white and i'm with the right of way acquisition, office of transportation, engineering and development. Bfg enterprises has petitioned the vacation for the a -- for a portion of southeast lexington street east of southeast 120th avenue. The applicant has received a tentative plan approval for a major land division, which is deer haven subdivision. A condition of approval requires either that this portion of southeast lexington be vacated or that another area be obtained for mitigation. Because of this unapproved street area, it's not usable for any other purpose than mitigation due to the topography and the environmental

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protection zoning, the applicant has elected to pursue vacation. And I have received no objections to the vacation.

Katz: Okay. Anybody want to testify on this? Do I need a motion?

Hales: Let's see.

Katz: This is a hearing and report.

Hales: So I move we prepare an ordinance.

Saltzman: Second.

Katz: Okay.

Hales: Before we vote, there's not going to be problem accessing the remaining properties up there if we do this?

White: No, commissioner. I came before the council last fall and we vacated a portion of 120th avenue. And there is going to -- with the deer haven subdivision, there's going to be connectivity between lexington and flavel. This is east of the new 120th alignment that's 305 feet.

Hales: Okay. So 120th --

White: It's an unimproved right of way.

Hales: 120th will go all the way true that parcel -- through that parcel, new 120th.

White: The align will go from lexington through to flavel. Yes.

Hales: Good. Thank you.

Katz: Okay. There was a second. Roll call.

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

Katz: Mayor votes aye. [gavel pounded] thank you. This is the last item. 1466. This is a second reading.

Item 1466.

Katz: Roll call.

Francesconi: Did you want to say anything?

Katz: This is roll call.

Francesconi: A couple things. One is I want to say something that I should have said much sooner, which is I appreciate commissioner Saltzman and his staff's good intentions. And I appreciate more than his good intentions, I appreciate their efforts to get money into a system that desperately needs it. Both in terms of early childhood, domestic violence, and after-school. And particularly appreciate the after-school, which he's included and which will really help in a partnership with the schools. And the early childhood programs have been dramatically under funded and they actually work and they will save us money. And they help kids especially the most vulnerable. I cannot support this measure at this time because I believe that there's one other institution out there that serves our children and our families that's vital to the success of this city. The most precious gift we can give our children and our families is a healthy school system. That is what has separated this city from other cities. And that is what is about to collapse, given the budget numbers that we've seen and that jim and deb have followed up in a letter to us dated december 18th 2001. They've written to us that Portland public is about to face a 20 to \$50 million deficit. Yearly. And they've asked us nicely, gently to wait until after the legislative session which is the first week in february in order to make it -- put this on the ballot before we create competition for a funding measure for our schools. Kate brown, the senate democratic leader, wasn't quite so diplomatic in her letter to the mayor dated december 19th. I think that we've got to be very careful when we create new, albeit, vital, critical programs at a time that the lifeblood of our schools is threatened. It's my understanding this needs to be confirmed, but that today the schools have decided that they're not going in may because of timing issues. And they have not yet

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decided to go to november, but -- in november. But they are asking us to wait. I guess i'm again repeating my request that we wait until after the special session so that we can make a decision about this and maybe we will find that new polling will show us that we can do both. The polling that i've seen says we cannot. The other reason I think to spend a little time to do this correctly is because I think we need a better integration of the early childhood before school programs, the after-school programs, the drop-out prevention programs, that could be funded by this levy to make sure it's integrated with the county system and the support for the schools. At this moment I was expecting to see an mou explaining how this was going to be interconnected, but it's not in front of us. The levy we are referring doesn't even say what programs we're funding. So I guess for that reason I think we need to just pause a bit, wait until after the special session, talk to the schools, do some polling, and then if we can, craft a complimentary message. One that can serve all of our children and families. We've all campaigned for the schools, and I think -- and we call care about the schools, everyone sincerely does, so I think now is the time we pause a minute, wait until after the special session, we'll still have time to put together an effective campaign. Then we can truly do what is best for children, our families, and our city. No.

Hales: There's never an easy time to do something new. And I don't know when we'll ever get an opportunity to do a measure like this when there's not some amount of competition with other priorities and although I share the concerns that jim has about the schools, I think it's frankly a larger question than anything, any effect we might have by referring this measure. It doesn't mean we won't have a political problem if both the school local option and this measure end up on the november ballot. I think that problem is soluble and we have a good campaign. But I think constantly waiting until there's nothing else in the way before we do this means that we're very likely to wait forever. And dan, I just want to say I appreciate your willingness to push ahead with this and push all of us to think about it. We do have an obligation, assuming we get this passed, to make sure we've demonstrated to people it was a good idea and that it works well in practice, and I know you're committed to that. And because it is experimental in a sense and it is a new way of funding these programs, we'll have to make sure that people understand that it's a success as well as buying into the proposition when they look at it and understand it when they get the chance to vote on it in november. But I think we can do that and I think we've heard over and over again how important this early investment is. So I think with competent administration and with the 5% cap that you've placed on the cost of administration for these programs, that we can show these are dollars very well spent. Aye.

Saltzman: I think mayor Katz in her state of the city speech or swearing in speech for your most recent term, where you came up with a great phrase, don't be afraid to aim high and be bold, I believe this children's initiative is exactly that. It gives us the opportunity to aim high because we care about kids, and to be bold to step forward and say, we need to take more of our own destiny into our own hands and this levy represents one way to do that. The levy will create a \$10 million a year children's investment fund to target three areas for investment. Early childhood development, after-school mentoring programs, and child abuse prevention. We chose these areas because the need is great and research shows that investments in these areas pay off, and these investments make a major contribution to the city's core mission of providing public safety, promoting a robust economy, and keeping families with children in the city. Finally, the children's investment fund is also good for our community because it will leverage significant dollars from the philanthropic sector, and they also will leverage significant other federal dollars too. So we'll get a lot more bang for every buck we put into this levy. Up to make seven fold. Overall the initiative is a very good. It's a way to help the city address real needs that will not be addressed

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without this investment. And it's -- its time is now. New -- it provides new resources for kids not served, not otherwise served by programs that are proven to work. I think it makes Portland a better place, it makes Portland a greater place, and we ought to give voters the chance to say they want to make children a higher priority and decide they want to invest in these areas. Finally, I would suggest that it's not a good way to serve the school levy well or this levy well to start out with the notion that this somehow fits -- pits kids versus kids or the grown-ups here, those of us with children know that's a poisoning road to go down. I hope we keep it above board and realize it's not pitting kids against kids. These are the same kids we want to help with the school levy that we want to help with the children's investment fund. Aye.

Sten: These are difficult times, and the politics around these levies have been difficult for me to quite wade through, but I think for me it comes down to fairly simple proposition. In these difficult times it's a really good time to ask voters to think about a question. Do they want to make an investment that will dramatically potentially change this city? And I think the early childhood programs that we have ignored over the years have proven to do just that, and if our schools have been great and I think they have been, I'm a product of those schools, where they have failed is with the children at risk. And study after study will show you that if the kids come to school even at a kindergarten levy nonready to learn, the schools will not succeed with them. We can talk about it until we're blue in the face, but it's been proven over and over again. There's not a school district in the country that's turned around the learning gap without readiness to learn programs in the early years. This is what the voters will have a chance -- nothing will be cut if they don't do go for this, but they'll have a chance to do something very exciting and very right. I firmly believe that message goes very, very well with the school district. And I'm disappointed that we're taking the rhetoric today that these are in conflict. With all due respect commissioner Francesconi's argument, these are difficult arguments, I read the school board's memo and I read it to say don't move anything forward until they have a strategy. We decided to move parks forward in may and I think putting this one on the november ballot is a possibility that can work together. And it's something that will make the community think about all of these issues and have to decide where should we go. The school funding question I think is something we all do need to get around. They're looking at a 50 to \$70 million shortfall if things go the very, very worst, and that shortfall would not even come close with what they dock on the ballots. We're going have to go to the blah and come up with other solutions. Now that the politics are done on these measures, they're going to the voters. I hope we can come together with a joint strategy that's good for parks, good for little kids and the schools. Aye.

Katz: Let me be even franker than the rhetoric I just heard a few minutes ago. Let me start by saying that I want to thank this council for supporting the notion of 100% for head start that came out of my office, came out of the work that your representatives did several years ago. That was our goal, but it wasn't our goal to ask the voters, especially now, to get that done. That was a goal to work clearly with the state and the federal government, whose responsibility I think it is to make sure that a -- our young people are educated. Commissioner Francesconi makes the right plea. Legislature is facing huge cuts. They're going into special session in two months. Three months. We have no clue right now as to what programs are going to be cut, and whether this fits with the whole priorities that the county is dealing with and the city is assisting. But finally, and probably the biggest argument I have in -- is supporting this now, and I have asked over and over again, why are we doing this today? I have told the council that we're facing huge cuts here. And the council knows that there are only three major bureaus that can accommodate those reductions. That's parks, police, and fire. That is our core mission. We're facing huge cuts in transportation as well.

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And so I asked the council, could you wait? This is going on the ballot in november. It is not going on the ballot in may. Could you wait until we see what the budget for this city, for our core mission looks like before you start placing measures on the ballot? Because I may be coming back and asking you to take a look at a public safety measure if the cuts are so deep that we have to close -- fire stations or police station. I don't know if that's going to be the case today. I'm not even asking you for your support on those measures today. All I ask you is wait. There's a lot of work to be done, and this measure is slated to go on the ballot almost a year from now. So I am fortunately i'm also going to have to vote no in showing my -- my commissioner sitting to my right no. Thank you, everybody. Have a wonderful holiday. We won't be together next week. We'll see you on the 3rd. We stand adjourned. [gavel pounded]

At 3:15pm, Council adjourned.