



CITY OF
PORTLAND, OREGON

OFFICIAL
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **18TH DAY OF FEBRUARY, 2004** AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Harry Auerbach, Senior, Deputy City Attorney; and Officer Curtis Chinn, Sergeant at Arms.

At 1:00 p.m., Officer Anthony Merrill replaced Officer Chinn.

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

| COMMUNICATIONS | Disposition: |
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| 131 Request of Todd Kurylowicz to address Council to raise social awareness (Communication) | PLACED ON FILE |
| 132 Request of Glenn Warren to address Council regarding legacy of violence by the U.S. Government on its citizens and other nations (Communication) | PLACED ON FILE |
| 133 Request of Richard Cascio to address Council regarding development of a Starbucks at 20th and Division Street (Communication) | PLACED ON FILE |
| TIME CERTAINS | |
| 134 TIME CERTAIN: 9:30 AM – Negotiate with Portland Schools Real Estate Trust based on principles herein for the purchase of approximately 4.5 acres at Washington Monroe site for a future community center and open space (Resolution introduced by Commissioner Francesconi) (Y-5) | 36199 |
| 135 TIME CERTAIN: 9:50 AM – 2004 Combined Sewer Overflow update (Presentation introduced by Commissioner Saltzman) | PLACED ON FILE |

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| <p>136 TIME CERTAIN: 10:15 AM – Adopt the 26th Amendment to the Downtown Waterfront Urban Renewal Area Plan and extend the expiration date of the Plan from April 24, 2004 to April 24, 2008 (Ordinance introduced by Mayor Katz)</p> <p>Motion to accept amendment to remove the emergency clause: Moved by Mayor Katz and gaveled down by Mayor Katz after no objections.</p> | <p align="center">PASSED TO SECOND READING FEBRUARY 25, 2004 AT 9:30 AM AS AMENDED</p> |
| <p>*137 TIME CERTAIN: 11:15 AM – Adopt budget adjustment recommendations and the Minor Supplemental Budget for the FY 2003-04 Winter Budget Adjustment Process and make budget adjustments in various funds (Ordinance introduced by Mayor Katz)</p> <p>(Y-5)</p> | <p align="center">178197</p> |
| <p align="center">CONSENT AGENDA – NO DISCUSSION</p> | |
| <p>138 Accept bid of Collins Mechanical, Inc. for the Portland Building HVAC Retrofit for the amount of \$1,404,685 (Purchasing Report - Bid No. 102589)</p> <p>(Y-5)</p> | <p align="center">ACCEPTED PREPARE CONTRACT</p> |
| <p>139 Vacate a certain portion of SE Main Street west of SE 26th Avenue (Second Reading Agenda 107; Ordinance by Order of Council; VAC-10012)</p> <p>(Y-5)</p> | <p align="center">178191</p> |
| <p align="center">Mayor Vera Katz</p> | |
| <p>*140 Pay claim of Mr. George Kempton (Ordinance)</p> <p>(Y-5)</p> | <p align="center">178192</p> |
| <p align="center">Commissioner Jim Francesconi</p> | |
| <p>*141 Apply to Oregon Department of Forestry Urban and Community Forestry Assistance Program for a grant in the amount of \$14,000 for FY 03-04 and 04-05 to conduct a partial street tree inventory project (Ordinance)</p> <p>(Y-5)</p> | <p align="center">178193</p> |
| <p>*142 Authorize agreement for acquisition of three parcels of real property in northeast Portland for park purposes from Ronald and Florence Bunn (Ordinance)</p> <p>(Y-5)</p> | <p align="center">178194</p> |
| <p>*143 Authorize contract with Socialdata America to conduct TravelSmart marketing program to reduce car trips and improve the efficiency of the transportation infrastructure in the Interstate Corridor in North and Northeast Portland (Ordinance)</p> <p>(Y-5)</p> | <p align="center">178195</p> |

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| Commissioner Erik Sten | |
| <p>*144 Accept subordination of Contract Agreement with Tualatin Valley Housing Partners and Villa Capri Apartments Limited Partnership to effectuate subordination of Agreement to Interest of Network for Oregon Affordable Housing (Ordinance; amend Contract No. 34490) (Y-5)</p> | 178196 |
| REGULAR AGENDA | |
| Mayor Vera Katz | |
| <p>145 Appoint John Miller to the Housing and Community Development Commission for a term to expire June 30, 2005 (Report) (Y-5)</p> | CONFIRMED |
| <p>146 Revise organizational structure, functions and responsibilities of the Bureau of Financial Services (Ordinance; amend Section 3.15.040 and repeal Section 3.15.045)</p> | PASSED TO SECOND READING FEBRUARY 25, 2004 AT 9:30 AM |
| <p>*147 Change the salary range of the Nonrepresented classification of Parking Collection Technician (Previous Agenda 116) (Y-5)</p> | 178198 |
| Commissioner Jim Francesconi | |
| <p>*148 Authorize change order and designate future capital set-aside funding for repair of roof and fire damage at Hillside Community Center (Ordinance; amend Contract No. 35106) (Y-5)</p> | 178199 |
| <p>*149 Authorize agreement with River Campus Investors, LLC and North Macadam Investors, LLC to coordinate construction of street improvements in South Waterfront District (Ordinance) (Y-5)</p> | 178200 |
| Commissioner Randy Leonard | |
| <p>S-150 Establish Time, Place and Manner regulation of establishments that sell and serve alcoholic beverages, adopt implementation guidelines and policies (Second Reading Agenda 129; adopt Code Chapter 14B.120) (Y-4; Sten abstained)</p> | SUBSTITUTE 178201 AS AMENDED |

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| <p style="text-align: center;">Commissioner Dan Saltzman</p> <p>*151 Authorize the purchase of the Terminal One North site from the Port of Portland to facilitate the construction of the West Side Combined Sewer Overflow Project (Ordinance)</p> <p>Motion to amend section one, number six to read fiscal year 2003-2004: Moved by Commissioner Saltzman and seconded by Commissioner Francesconi and gaveled down by Mayor Katz after no objections.</p> <p>(Y-5)</p> | <p style="text-align: center;">178202 AS AMENDED</p> |
| <p style="text-align: center;">City Auditor Gary Blackmer</p> <p>152 Assess property for sidewalk repair by the Bureau of Maintenance (Second Reading Agenda 128; Y1050)</p> <p>(Y-5)</p> | <p style="text-align: center;">178203</p> |

At 1:36 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

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WEDNESDAY, 6:00 PM, FEBRUARY 18, 2004

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

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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.

FEBRUARY 18, 2004 9:30 AM

Katz: We have visitors who are teachers who are here studying community connections for improving schools and this morning, thanks to the school board and to the school foundation, we have a meeting about the same topic. So isn't this a small world. All right. [gavel pounded] council will come to order. [roll call]

Katz: All right. Let's take item 131.

Item 131.

Kurylowicz: My name is todd kurylowicz, I live in northeast Portland, and this is quite a big crowd in here today. We've been coming here for months and talking about different issues, from homelessness, to police activity during political demonstrations. I wish we could have shown the video today to get you all up to speed on what we've been showing, but some of the video is really, really deplorable. We're asking for responses from the mayor and the council members, but really haven't gotten much of a response. The mayor agreed to meet with me, but that's being put off into, what, march, somewhere in march, I talked to your scheduler last night. As long as we get that before the next major political demonstration. Issues with the police, I went to the c.r.c. Meeting last night, and tried to give that a shot, and considering the i.p.r. Is run by an exsheriff that's very manipulative in these meetings, and gary blackmer has a major decision on who gets put on the c.r.c., it was a real weak display of any democratic process. I want to bring to your attention, mayor, this specific officer, officer lyle. Officer lyle sent a couple of my friends to the hospital at one point a few months ago. One that -- officer lyle and officer freedman. One person got their head split open, another girl had to go to the hospital the next day because she couldn't move her neck. A couple months after that, the same officer, I videotaped him, my friend did, tasing this kid for -- he yelled an obscenity as he ran by a cop car. Then I pick up a copy of the "willamette week," and the same officer is cited in this article, the "willamette week," for tasing a guy in the back as he's walking away from an incident. He's very vindictive person. He shot the guy in the back with a taser, the taser didn't phase the guy, and he ended up tasing him 12 more times. The guy got pepper sprayed, and none of these people are found guilty of any crimes. They're found not guilty and they're acquitted. After I read this article I was like, something must have been done to this officer if he's putting people in the hospital and they're being found guilty of nothing. No. I see the officer 20 minutes after I read this article arresting someone. I didn't notice if he had a taser in his pocket, but he definitely had a gun and he was putting a guy in handcuffs, seemed to be for an open container. But there's an issue of accountability. Mayor, being the police commissioner you have a say in this, and you've really not proven that to us, showing these videos, and seeing what is on the videos. There's no response, which is really showing how honest you're being about these issues.

Katz: Thank you. 132.

Item 132.

Glenn Warren: Good morning. My name is glen. I'm a resident of Portland. First I'd like to thank mr. leonard for having a meeting -- having your aides have a meeting with todd and I yesterday. It's a start. As we were talking earlier, this is not something that can be handled or resolved in a couple of meetings an hour long. This is a very, very big issue. I would like to --

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since there's representatives of the public education system here, and that you're a sponsor of the mentor program, this book here, it's a rather worn copy, people's history of the united states, it's a somewhat condensed version of the war that's been going on in this country by the government on its own people for rights. And that struggle continues. And I know as government officials that you're in a no-win situation, especially i'm not going to get this quote exactly right, but in the Portland observer, there was a comment, mayor, that was somewhat like, your consciousness gets overridden by your sense of duty. And forgive me for not quoting that exactly, but you made a reference to that sometimes your job overrides your conscience. And people of office often will use this excuse because there's pressure coming from somewhere else above them. You may know -- even though you're the highest command in this city, i'm the governor, of course, but when people use their position to corrupt their morals, we end up as citizens in trouble. As todd was saying, there are particular officers that there's a pattern with them, and it's -- since this pattern exists, it's obvious it's by design and not by accident, when we witnessed in the video the city attorney standing next to two officers who are repeat offenders and who are involved in lawsuits, but we -- I can understand why you don't want to talk or you can't talk about the lawsuit issues, but this is much bigger than just the few lawsuits that are in place right now. This is an ongoing thing, and we would like to curtail it, because this is a suppression of our first amendment rights. And it's also an attack on our physical beings for exercising these rights. It's assault. And there's a history of that here in america. A lot of people have suffered for this right to free speech for labor rights and what have you, and you should respect that. Thank you.

Katz: 133.

Item 133.

*****: Good morning, i'm here to talk about the planned starbucks for 20th and division.

Moore: State your name for the record.

Richard Cascio: Richard cascio, i'm a resident of northeast Portland. I don't want to speak for everybody, because there's a lot of issues involved in this, but I specifically am concerned with the issues of affordability in the neighborhood. I run a community center along with a handful of other people. We have a very low rent, which allows us to do this, and -- and southeast Portland is unprecedented in its low rents and benevolent landlords. However, I think this is about the change because of recent developments in the neighborhood, the starbucks as well as current condominium developments planned for 21st and clinton, and who knows, we have this low rent now, but I don't think that will stay the case. Eventually the gentleman who owns the place will probably want to sell out to a larger developer who wants to develop something like a starbucks or a subway, or a condominium, or anything which is pricing out the current residents in the neighborhood. Right now I think this is part of larger issues, general affordability, which I think the council is entirely neglecting. I think this is apparent in all the recent developments, both in the pearl district and southwest macadam projects, in which there is total lack of accountability in terms of affordable housing or commercial space, for that matter. On top of this, there is increasing gentrification in northeast and southeast Portland, which is a major issue for the community and is also not being addressed. How do I think the council should address this issue? I think the city needs to start pursuing aggressively the idea of land transfer fees. A lot of this has been caused by extreme speculation, the person who owns the property ended up selling the property at 19th and division to new seasons for \$1.7 million, and essentially I get the feeling that all of these developments are going to price out any sort of local business that might want to enter into the current developments going in. Or I think the land transfer fees could be put to funding affordable housing in the neighborhood and elsewhere in the city, where it is not currently being pursued. Possibly going to helping out the people at dignity village, I know you have an upcoming decision you need to make tomorrow on that, and -- thank you.

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Katz: Ok. Consent calendar, any items to be removed off the consent calendar? Any requests? City council members, by the audience? If not, roll call on consent.

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

Katz: Mayor votes aye. [gavel pounded] all right. We're ready for time certain. Item 134.

Item 134.

Katz: Commissioner Francesconi.

Francesconi: Thanks. Zari, robin and janet from parks are coming up first. We've changed it. Pat's representing, pat lacrosse, the real estate trust and the schools. This is an exciting day and a long-awaited day, especially for the inner east side. This resolution signals our intent to do whatever it takes to keep families in our city. And we know what it takes. It takes supporting the schools, and it's terrific to have julia here, and others. It takes supporting parks and community centers, and above all it takes supporting neighborhoods, especially this neighborhood, who has paid for schools, paid for libraries, accepted shelters and homeless services because it was the right thing to do, and now it's their turn to have a community center. When we're expending precious public dollars, we want to accomplish multiple objectives, and this is the beginning of a process that accomplishes many things. First, it's going to keep public land and public ownership, it's going to support Portland public schools, it's going to allow the construction of a community center with a pool and playing space that will serve thousands of our citizens. It has the potential to also develop close-in housing for up to 150 housing units. And it's going to do all of this in a close-in site that signals our intent to be the kind of city we want to be, a city that accepts families and kind of keeps us all in this together. And that's what we want to do here. So we've begun this process. In the year 2000, we had money in the parks bond measure that would have purchased this land, and it lost by 1700 votes on the last call. But we persisted, because that's what we do as a community when there's a big idea that's very important to our community. So in july of 2003, the Portland school board declared old Washington monroe high school its surplus property, and the schools have wanted to keep this in public ownership as well. So we understand that this is -- this long-term vision is ambitious, but we also understand that waterfront park started slowly and look what it is now. We understand that the east bank esplanade started slowly and took a long time, and we know what it is now. We're a patient community when it comes to important things, although I really appreciate the advocacy of these great people, some of whom are here in the audience, and what they're doing is advocating for their kids and for the future of the city. I appreciate that very much. Zari?

Katz: Ok. Why don't you folks make the presentation, then i'm really asking people who are supporters, you're all here, we can all recognize you, but maybe have a representative group come and testify, and then everybody else stand up and tell us that they support it. We've got four time certain. So, zari, it's all yours.

Zari Santner, Director, Bureau of Parks & Recreation: Good morning, madam mayor, members of the council. We're here seeking authorization to start negotiations with the Portland public schools real estate trust for acquisition of a portion of the old Washington monroe site. Over 20 years ago, when I first started with Portland parks, I remember a study for the first time that was conducted, which was an aquatics needs study for the city of Portland n that study was what was identified as the highest priority was a pool, indoor pool in inner southeast Portland. Following that, when we did the parks future in late 1980's, which identified the -- we did a needs assessment of our community. In that study, a community center aquatic facility need for such a facility in inner southeast was -- came up on top and was a high priority. In fact, when we -- as a result of that, when we went for a 1994 bond measure, if we had a land available, or if we had -- if Washington ron row site was available, the first community center that we would have built would have been a facility for inner southeast. But because we did not have land, and we knew that we

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could not have enough money to purchase land, that the sites in southwest as well as outer east was identified. So this is just to give you a history why this is important. This project is important. It's -- that community has a great need, and we've been looking for a site, and since the school district declared this site surplus, we've been working very actively with the Portland public schools with their real estate trust, and the community to identify ways where a mixed development could occur. Janet would explain what this project is all about, and you will hear from pat lacrosse about some of the processes that we went through. One thing I want to make clear is that this, what you authorize is for us to negotiate in acquisition. There are a lot of challenges, both design challenges as well as funding challenges. And we would be working very, very closely and collaboratively with office of management and finance to identify funding sources. And before the acquisition, we will come back to you to explain how this project can -- this acquisition can occur. And as commissioner Francesconi mentioned, this is the first step in a long process to realize this dream of the community. With that, i'm going to go to janet and ask janet to explain the project very briefly, and then turn to pat.

Janet Bebb, Portland Parks & Recreation: I have a power point here. Commissioners, mayor, thank you for this opportunity.

Katz: Identify yourself.

Bebb: Janet bebb, Portland parks and recreation. The -- the subtitle of our presentation is investing in the future and delivering on our promises. I think we've already heard that. I'm going to go through this very quickly and leave more time for testimony. Our objective, our ultimate objective now is to purchase property. We do believe it will have benefits, and by way of background, we're here before you because of the surplus site, and we do have a deadline that is causing the timing. This is a map of the site. It's at southeast 12th and stark. You can see in the key community issues that we've discussed with the community lack of positive choices for youth, we have a relatively low median income, and a high percentage of families with children. We have families leaving the city, and as jim mentioned, a my proportion of social services that this neighborhood has taken. We do believe that the community center and public recreation will address community needs and that we will be fulfilling promises and intention that's we've had just to reiterate on zari's point this, has been our number 1 community center to fulfill our 2020 planning process. I'd like to draw attention to the location of this site. It's in the middle of the concentric circles. This is a map that shows density of residential units. As you can see within the first circle, that's one mile of the community center, and the Washington monroe site. That would be a walk for 18,000 people. The second ring is two miles, that would be a walk, a bike ride or bus ride for 85,000 residents, and the irregular line is a 10-minute drive, which is our standard for community center access around the city, and that serves nearly 300,000 people. This is a tremendous site for us in terms of park planning, and in terms of serving people who are not currently served directly with the community center. As part of the process, we did review comparable prices of properties in the -- within this area. With the community and with the school real estate trust, we reviewed eight options of park, housing, configurations. We also evaluated the high school building as to its suitability for community center. And we found that it was more suitable for adaptation and reuse as housing. We're very open as this process moves forward, and we're hopeful that it will for creative ideas for the community center. It's not our intention to put a cookie cutter approach to this. We'd like it to be an urban center, we'd like to serve this high-density in a graceful way, with high design quality. We're open to innovative ideas, and we'll continue to talk with the school district and any future developers on the site to that end. The community support has been tremendous. I'd like to just take an opportunity to thank a few people on the community process. Sumner sharp was our facilitator, zes noel helped, susan lindsey chaired the committee, we had good participation, we presented -- we had two architectural teams, bill hart, and curt schultz, they drew up configurations

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of land use for review at our public open house, we had approximately 90 people, which I find is extraordinary for a feasibility study. We heard loud and clear a community center with a pool preserving views through the site for open space, a sports field, and very careful handling of traffic and parking are key issues that need working with the community. The way forward is to secure the land, the sales price is \$27.50 a square foot. We have some challenges on the final configuration, and the funding sources. The second steps is housing development. We anticipate between 150 and 200 units on this site through the real estate trust, then development of the sports field and the community center when funding is available for construction. So we are asking for your action today on the resolution to authors our negotiations. Just to finish up, I want to draw your attention to these exhibits. These were the final four options that we presented at the public open house. You can see the housing is in the pale green, and the community center is the sort of salmon color with the sports field in between. I think you can see that there are a number of ways of configuring this site. The parks priority was that there be contiguous open space to the community center so that children in the community center did not have to cross a street to get to an open space. This -- all 4 of these options fulfill that. That said, the community has expressed a strong preference for option b, which is this second one, and the reasons being logical, the community center is at 12th and stark in this configuration, it puts eyes on st. Francis park, which as you know is a private park with some problems. It also gives a visual access directly through the middle of the site. Those were some key issues that were important to the community that option b fulfills. So that concludes my brief presentation, I want to say it's been an exciting dialogue with Portland public schools, the real estate trust, and the community and ourselves. I think we all have a lot of mutual respect for each other, we understand the financial needs of Portland public schools, we've worked with the community to understand their needs, ask we've articulated what we need to be a success. So thank you.

Pat Lacrosse, Chair, Portland School Real Estate Trust: Mayor Katz and members of council, i'm pat lacrosse and i'm currently chair of the Portland schools real estate trust. The r.e.t., the real estate trust, is an all-volunteer board that is engaged on behalf of the Portland public schools system in negotiating for the sale of properties that are declared surplus. Mr. Dully is the one who's been doing most of the volunteer work on this, but he's currently riding his bike to the copper canyon in mexico, so i'm subbing for him today. As was noted, this has been a planning process that's been underway I think for a year and a half. The planning process has concluded, there is a deadline against which we're working, set by the school district, and we're anxious to move ahead with detailed negotiation. It is a complex negotiate, as you can see by the different choices presented here, and mr. Dully has already been engaged with ms. Bebb and others of the park bureau on initial negotiations. We're anxious to move ahead with that pending the passage of this resolution. Thank you.

Katz: Thank you. Questions by the council? All right. If not, let's -- anybody have an -- do you have an organized response? Come on up, then. I've asked -- yes.

Susan Lindsay, Chair, Buckman Community Association: We did have an organized response, and i'm wondering if we could just bring them up in groups.

Katz: That's fine. You go ahead and orchestrate it the way you want to do it.

Lindsay: I think that would be linda and andy. And mayor Katz has asked us to limit our testimony to just two minutes, because we're trying to get in and get out of here. So we'll get the three groups up here.

Katz: Absolutely.

Lindsay: Ok. Good morning. My name is susan lindsay, and i'm the chair of the buckman community association. I've also had the pleasure to be the chair of the surplus advisory committee and the project advisory committee for the evaluation of the Washington high school site. I really

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want to thank you very much for putting us on your incredibly packed schedule today. I know that, and I appreciate it, and we'll try to get to yes quickly. Over the past two weeks of course you've all seen me in your offices, where i've tried to come to talk to you beforehand about this issue, and be able to address any questions you might have or any concerns. And of course we will continue to be willing to do that should you need any further help. Today in our brief testimony you're going to hear about how this proposal, this is the first step for a proposal that will ultimately benefit families, children, youth, our neighborhoods, our schools, our business neighbors, and the community as a whole. What I want to point out, which is very remarkable that you won't here today in our brief testimony, is opposition. And I think that is very remarkable if you just look back at the situation that took place at gabriel park, where there was enormous community opposition to the idea of siting the community center at gabriel park. The reason that there suspect opposition right now around this resolution is this resolution that has been put forth by parks today represents the final efforts of a bottom-up approach, rather than top-down. Marks and the district and the community and the immediate neighbors have come together for months to talk about this proposal and specifically to talk about the impacts. I've had the difficult position of being a proponent for the community center, and the land that needed to put the community center on, and also to represent the community itself, and in particular, the immediate neighbors. And i've been very concerned about those folks. We've been in a situation where everyone has sort of a bottom line, and that's sort of how this has been working. The parks wants to be able to ultimately build a center that's large enough so that they end up -- their operating expenses do not put a drain on the city's general fund. And we appreciate that. The school district of course considers this valuable property, and feels as though they want to have a fair market value for their property. And the neighbors don't want to be buried in traffic and impact and changes that many of these neighbors have lived in their homes for 30 years, and this very -- they have been holding up, have been basically they've been wonderful stewards in a neighborhood that has tremendous livability challenges, as you well know. This is the zone between the industrial area and the residential area of buckman. So what I want to say is, there isn't opposition, because we're working together on this, and this resolution that's been put forth today supports that, and in particular, the strong preference for option b, there are many reasons why the committee chose unanimously, a unanimous consensus on option b, and I have appreciated that parks has put forth their intent to try to fulfill that. Yes, I understand there's going to be some financial challenges, and I know there's going to be some more negotiating. We the community will be involved in that every step of the way. And we know ultimately what's going to take place here is a great thing for the city of Portland and especially children and family, and the youth of Portland. Thank you.

Katz: I know I couldn't win with you. You took 31/2 minutes: [laughter] but that was good. Good solid, testimony. Thank you. Listen to the little sound. That's two minutes.

Linda Nettekoven, Hosford Abernethy Neighborhood Association: Ok. I'll try to take less. I'm Linda nettekoven, with the hosford abernethy neighborhood association. Representatives from our neighborhood have been involved from the very beginning in this process and we're deeply committed to this proposal. We feel it's an example of a project that would be both sensible as well as innovative. We have many reasons for supporting it, i'll just mention two. I want to reemphasize the idea of supporting families and stopping the flight to the suburbs as our -- as my neighbor mentioned earlier, we're already struggling with issues of affordability in terms of housing. We are already struggling to keep our schools open, keep the enrollment up. We can't do that if we don't have the kinds of amenities that support families being able to live family lifestyles. We've just raised \$150,000 to renovate abernethy playground, so we do care, but we can't do it alone, we need bigger facilities and support. Second, we're a changing area. There's a lot of change going on in inner southeast. There's a great diversity of income, education, background, lifestyle, we need

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places to come together, to play together, to know each other, to cross paths, and a community center is so vital for that. We can't work together to build better neighborhoods if we don't know one another. And we see this as an opportunity for creative redevelopment in the heart of inner southeast and we ask you to support it. Thank you very much.

Katz: Thank you.

Andrew Eisman: Hi, my name is Andrew Eisman, I'm past chair of the Buckman community association and a long-term resident in Buckman. I'm here to support the community center, and remind the council about the long historical interest in the neighborhood for such a community center for the entire time I was chair, the neighborhood association I was constantly receiving input from the neighborhood, wouldn't it be great to have a community center here. When this idea first started to blossom, when the schools decided to surplus the property, there was incredible swell of enthusiasm for such a vital resource in the community. Susan really has done a spectacular job in helping coordinate all that effort, and I really wanted to personally thank her. I guess I just want to say that I think it's such a great proposal that's come forward, there's been such incredible wide community support, and I've still regularly get phone calls from the community, people saying, wow, what about this community center, it sounds great. So I just want to reiterate the global support for this community center. And also I want to mention my business has committed \$1,000 a year for the first two years in resources to help provide wireless access for the community center, and also ongoing support.

Katz: Thank you.

Scott Vala, Southeast Uplift Board : Good morning. My name is Scott, I am a member of the southeast uplift board, the past chair and a member of Mt. Scott Arleta neighborhood association. We have been working hard to try to identify the challenges and strengths in the neighborhoods, and develop ways to better support their efforts. We had a January training with well over 50 neighborhood leaders where we met with many -- as many as 15 associations represented. We narrowed our list down from six to three, and the -- to move forward with an inner southeast community center was the number 1 issue that we felt was necessary. We wanted to move that forward. This received support from every neighborhood in the southeast coalition. We all want to see this happen. We hope basically to submit -- to get council support for these issues we're working on. And this was the biggest one. I'm also here because I'm one of the fortunate ones compared to a lot of the other people testified, I live in southeast Portland, outer southeast and I have a beautiful park, community center, and pool within two blocks of my house. I remember, it's a wonderful place, I remember Commissioner Francesconi, I have a picture at home of standing next to you digging in front of the groundbreaking. And he was one of the first ones that went down our water slide at the open house. I could go on and on about all the things my family's enjoyed there, from parks, picnics, and parks, and the roller rink birthday parties and everything. But for me, the biggest thing is the community center idea. I went to my first neighborhood association meeting over 20 years ago at Mt. Scott community center, and almost every meeting since then has been held there. Every director we've ever had has been involved in our neighborhood association, many of them on our board. And all the employees are a wonderful asset to our neighborhood. And I just -- I'm almost embarrassed talking to people what we have, when they don't have it. I can't imagine our neighborhood without our community center. And I just hope other neighbors can enjoy the same fortunate lifestyle that we have by having something next to them in inner southeast. Thank you.

Katz: Thank you.

Mark Horak: Mayor, commissioners, I'm Mark Horak, the executive director at Central Catholic high school. We are at 24th and Stark in southeast Portland, and a member of the Buckman neighborhood association. Since 1939, we've been a school in the Buckman neighborhood

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association, and our -- are constantly working with our neighborhood to improve relation and improve facilities. Also with the parks and recreation, since 1998, since I was -- bake athletic director, we have been working with the parks to improve different parks and rec facilities including fern hill park track, and also with the interest of improving their field in that neighborhood. And we're here in support of the community center in southeast, because we see the value not only for the neighborhood association, but also possibly for our kids as well. Having a facility closer to our school such as the pool, right now we rent a facility out in northeast Portland, a little farther away. Could be a possibility for us to be able to rent the facility in a chance for our kids to be swimming. Which would financially help the city in raising the money for this center. We just wanted to show our support for today, and for this facility. We think it's a great opportunity for the neighborhood association, and for the southeast neighborhood. Thank you.

Katz: Thank you.

Marry Ann Schwab: Mayor Katz, commissioners, my name is mary ann schwab, i'm a sunnyside resident for over 30 years. I am currently the sunnyside delegate to the southeast board of directors.

As a liaison to the Washington monroe project advisory committee and now the request for proposal committee, we have been working pretty hard on this project. I want to quote william arthur word, who told us four steps to achievement are planning, preparation, practice, and persistence. Today i'm adding patience in that we've been that the so long. My gratitude toward jim francesconi, kevin, and most of all park planner janet for their willingness to step forward to work with community, working over a year with the Washington high school s.a.c. and p.a.c. Committees to set a footprint for the new southeast community center, swimming pool, soccer fields, track, mini-park with existing trees and 130 parking spaces underground. And the track also -- preserving the track and the livability of the buckman neighborhood. We go back to 1988, when we tried to put this on the table back in 1988, with then parks commissioner mike lindberg. And I also have a copy of the aquatic report that people for pools tried to get together back in 1988, interesting reading there is not, when there's no money to fund it. Planning for this community center dates back to 1976, when seven inner southeast neighborhoods turned their annual need reports in year after year, I was two terms chair for the inner southeast coalition at that time. I believe the more money we spend on the playpen through education, recreation, park programs, the less taxpayers spend on the state pen through treatment, recovery programs, and domestic violence.

A solution -- well, it's not my place to second guess how money is spent with the city. I question the \$28 million that came from I don't know where to rescue the performing arts and the armory building. And why prior city councils approved park funding to purchase three parks in southwest, when we still don't have ours. We have had promises and promises. Hopefully city council members who have integrity for the public service -- for the public they serve will continue to work with established partners in this community on the center and pool.

Katz: Thank you.

Schwab: Children don't vote, pay taxes, i'm their voice.

Katz: Thank you. Ok, who wants to start?

Linda Ethier: My name is linda ethier, I am chair of the kerns improvement committee, the steering committee for the kerns target area. We began as a target area, with began to try to become a target area in 1997. At that time we did a survey of 400 residents in our neighborhood, and one-third of the businesses, and asking them what was important to them. And everyone wanted a community center. That was really top on their priority. So as the kerns improvement committee, we spent quite a bit of time trying to figure out how to make this community center happen. And a lot of our time was spent working on a virtual community center, which involved identifying underutilized buildings in the area that we could have different functions at. And we really spent a long time working on that idea. And I have to say, it wasn't a very good idea. It's a really hard --

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very hard to negotiate. The logistics of it was impossible. So when this Washington monroe site came up, we were so thrilled to be able to put our support behind this. It's extremely important to the people in our neighborhood.

Katz: Thank you.

Michael Bolliger: Mayor and other members of city council, my name is michael bolliger, I own a business and property in the central east side, plus i'm a board member with the central eastside industrial council. While this plan has not formally been presented to us, members of our council have had several discussions with members of the buckman neighborhood on this particular project and the redevelopment of the Washington monroe high school. The property lies just east of our district, but it is certainly close enough to our district and businesses to be of benefit to employees and businesses that work within the district. We also agree that -- we believe this can serve as an attractor of sorts to bring in not just families, but also businesses to the close-in area. We understand the project to include possibly the market rate housing, which we feel would generate revenue for the city in terms of some additional taxes. Additionally, the acquisition and redevelopment of the property could serve as a catalyst to further develop some of the blighted areas in that surrounding area. So we ask again for your support in the acquisition and redevelopment of this ground. Thank you.

Katz: Thank you. So how's the river?

M'Lou Christ: I was just going to ask you that, mayor. Hello, all of you. M'Lou christ, buckman community and willamette watershed. A double decade dream is a pippen. When that phrase came to me, I knew once again the diddy bug had bitten. But i'll resist clichés and more metaphor and simply thank all those who got us this far. And applaud you, who now will vote, commit to buying some land where an inner eastside community center can finally be planned. Funding, development details, yes, a lot is still missing. But hallelujah: A double decade dream is a pippin. I'm actually not the last here to testify, and anticipating they would not be able to come on a weekday, the perennial constraint on citizen participation, a bunch of fellow community folks joined me a couple of saturdays ago, a few of them are here today, most of them are not, because they knew they wouldn't make it. They wanted me to bring them virtually, so they could join in support. You'll notice they range in ages, they are wearing or carrying things that indicate their anticipation for the center pool, park, and open space. And field. Basketball jerseys, hockey stick, mattresses for working out, swim fins, you name it. They are here, and they hope that you will accept that as their visual testimony. They also signed in, so I will leave the signatures. And finally, before I do this, folks who didn't testify today, and you're here for this, stand up.

Katz: Thank you, everybody.

Christ: And finally, these folks also signed a towel. [laughter] it says, hurrah for our southeast community center, community pool, community park, and we thought we'd give this to commissioner Francesconi for all of his hard work so far. And we'd like you to keep it in the office.

It's not only a thank you token, it's a nudge to get to groundbreaking, and you can wipe your brow on it after a hard day of fund-raising. Plaintiff. [laughter] [applause] [gavel pounded]

Christ: Also there's a few letters here. I'll turn these in to the clerk.

Katz: Thank you. All right. How many people are signed up?

Moore: 10 more.

Katz: If you feel that it's important for you to testify, i'm not -- I can't stop you, but i'm going to ask you to kind of think twice about it. Go ahead.

Virginia Davis: I'm virginia davis, and I live in the buckman neighborhood. And I just have two statements. That is, my tai chi master and I would like to find a place to have a daily practice of tai chi, open to everyone in the community, all ages, and no cost. And then mary ann and I are in the planning stages of making our swimsuit to take our first dip in the pool. Thank you.

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Keith Melder: Good morning, mayor and council. My name is Keith Melder, I'm a 1950 graduate of Washington high school, and it's very important I think to me and other people in the community who attended that school to have that building preserved and put to some useful community purpose, and we'd like to see also some kind of a memorial to Washington high school included in the whole development. Thank you.

Christine Yun: Good morning. My name is Christine. I am a resident in the neighborhood, I live five blocks from the proposed site. I'm a mother of two children at Buckman elementary who would really love to use this community center. I was a member of both of the citizen advisory committees, and I'm also an architect who is attracted to Portland because of the progressive city planning here, and the emphasis on sustainability. So I'd like to touch on two points, which I felt haven't been addressed this morning. And the first one is that it would be a real investment in the city, and it would also show the rest of the country that, yes, we are sustaining, that we are practicing what we preach about sustainability. The fact that we would be building a community center in an area that is densely populated, both by residents and businesses, and the fact there's also an existing infrastructure there in terms of public transit and utilities, and culture, that we would be projecting our image to the rest of the country as a city that practices what it preaches. And then the last point is that this is a city of neighborhoods. It has a very intimate, very friendly feeling, and I think that a community center that is a neighborhood center is really key to sort of promoting that aspect of the city, which makes it such a great place to live. So thank you for your attention.

Katz: Thank you. Let me just ask you a very quick question. Where did you come from?

Yun: Chicago.

Katz: And did you come here, did you have a job when you arrived?

Yun: No.

Katz: Are you working now?

Yun: Yes.

Katz: Good. Ok. [laughter] this is our polling I do for our young and restless, 25 to 35. Our new economic development initiative. All right. Let's go.

Tom Baker: I'm so glad we're taking care of our c.s.o. problem in the city. Also glad for years inner southeast was the city c.s.o. for community services overflow. And that finally we're going to don't our community service, community center opportunity. Thank you very much.

Gilly Burlingham: My name is Gilly Burlingham, I used to hang out in New York, and I'm -- I made an interesting observation. Rochester New York has cut through the middle with a river. The east side is where all the rich people live and the money is spent on the pink sidewalks and so on. And the west side is where the work people, who are Kodak live. And I made an interesting observation about it being a little different here. I say ditto to everything everybody said. This is a fabulous city. And I'm a full-time volunteer, by the way, in the field of affordable housing and homelessness. Thank you very much.

Katz: Anybody else who is here who would like to testify? Any questions by the council? All right. Roll call.

Francesconi: First I'd like to thank the mayor for allowing us to switch time certain here until -- and to allow this community testimony. I'd also like to thank commissioner Saltzman. He had the next time certain and he gave us some of his time, so I guess I appreciate that very much, commissioner Saltzman. You know, this community center has already -- is already being built. Community centers are about building community and we do need safe places for kids, we need for our seniors to be there, we need swimming pools, we need play areas, we need to do this together as a community. But we're building it right now, and you folks in the central east side have been building it for a long time. It's being built. And I've gotten my assignment. My assignment isn't to design the community center, it's to make sure it happens. So my commitment, my personal

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commitment to you is that it is my number 1 responsibility of all my responsibilities to make sure this community center happens, which means that I have to lead the effort to come up with the resources. I want you to know i've already begun that effort in talking with both private sector and nonprofits who may be our partners on this. It will mean that parks will have to reprioritize some things we do, which means saying no to some other things, and it means that we're going to need more help from the citizens probably. So it is my effort to do that. But I can't tell you how proud I am to be associated with this council that cares about keeping Portland a city of neighborhoods, being associated with parks that for a long time has known that this was essential for the -- that it was the east side's turn. And the parks knows as do i, the community centers belong in neighborhoods. That's where community centers belong. And that's where we're going to put them. And the next one is going to be in the central east side. And parks knows that our most important partners are also our schools. So we understand that there was some controversy created in the past when the real estate trust tried to support the important mission of Portland public put some potential land on surplus property. They're not doing that. The schools and the real estate trust wants public land to remain in public space. We need to thank them, and we need to show our appreciation for them. Because they are most our most important strategy for keeping families in the city. I also appreciated the testimony from mike and the central eastside industrial folks. Keeping families in the city is good for business. And that is also what we're committed to. So this is a bottoms-up approach that you kept alive, just like the citizens, another group of great citizens in brooklyn, kept light rail alive. And it's the east side, you folks are a little more progressive, and persistent: And we're going to get you this community center. And it's been a privilege to work with you on this, and we're going to have fun doing it, too. Thank you. Aye.

Leonard: This is one of Portland's oldest on the east side, and therefore original neighborhoods, and it captures in every essence of the word working class neighborhoods. And I just am very pleased that we've come to the point where we have the opportunity to purchase such a wonderful piece of property, keep it in the public domain, and use it for such a high purpose. We need probably to do more of this kind of thing throughout Portland neighborhoods, and focus on making communities and their activities centered into places like this. So it's really very exciting for me to be able to support this, and I want to thank jim for all of his great work on this. He will not be going at it alone. I think we're going to be as a team helping him get to the place where we get this community center built. Aye.

Saltzman: Well, living in the buckman neighborhood can be a real challenge, as i've learned over the years in public office. It's -- it can be a very tough place to be. It's a great neighborhood in terms of its location, great houses, but it's also got many issues, social services, transportation cut-through and things like that. So take -- and the Washington high school site is a perfect site to do something. Something needs to be done, and I think a community center will serve and really enhance and add a new luster to the buckman neighborhood. But also to the inner east side, and the -- this sounds like a very exciting opportunity to help both the school district which can use the money, doesn't need the land, we can get some housing, more housing in the area, and most of all, a place where kids, families, parents, seniors, can go and socialize and recreate. So it's a great idea. Thank you, commissioner Francesconi. Aye.

Sten: I agree, and thanks to jim and parks for working on this. And really thanks to the community for pushing. I love the piece about how many years this has been. I think this really can be a centerpiece. Buckman is a great neighborhood that has a lot of challenges and is really risen to those challenges year after year after year. Building around this, I think there's also just a lot of opportunity. I'm continuing to slow, but work with the neighborhood on the st. Francis issue, and I think building around this slight, there's places for housing of all income levels, there's room for more retail, and this will be the community space I think that makes that possible. You can't do that

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more development without more open space and more facilities for kids and others. So it's terrific for staff. But it's also great pleasure to be able to do this in a way that helps the school districts. Aye.

Katz: As mayor, I have the challenge after the council makes a decision to make sure that it happens. And though I won't see it build as mayor in the city, my challenge is to try to put a finance plan together to make it happen. And it may have to be a combination of a lot of different sources, because there is no pocket to pick anymore for that -- the \$26 million just to build a community center. So the challenges as commissioner Francesconi mentioned, to reprogram the s.d.c. money, or other parks money, and be creative in looking at new financing tools to see whether they can be used in areas for community center. There's an old historic building I assume, Washington high school is an historic building, we may be able to use some other tools that we currently are using in other places. So my commitment to you is to try with the help of the council and the office of management and finance, parks as well as the trust, as well as commissioner Francesconi, and the rest of the council, and the community to see if we can glue a package together that will hold up over the next couple of years to make this a reality. Aye. [gavel pounded]

Francesconi: Mayor, i'd like to also especially thank susan lindsey. Susan is a tremendous leader. [applause] I wanted to give a special thank you.

Katz: Let me thank everybody for your emails. I usually have a policy to answer all the emails. You're not getting an answer on this one. But thank you very much. You made an incredible effort over the years to make this a reality. All right. Item 135. [gavel pounded]

Item 135.

Katz: Thank you, everybody. Please, if you would be so kind to move your conversations outside. Our commissioner Saltzman --

Saltzman: Thank you, madam mayor, members of the council. This brief presentation by the bureau of environmental services is part of our biannual updates to the city council on the status of the combined sewer overflow big pipe projects. Since the last update, both tunnel boring machines, named lewis and clark, have been deployed, and are beginning their journeys. One is going north to swan island underneath the willamette river, and the other is going underneath naito parkway south to the clay street shaft. The fill generated by the tunneling process is being loaded on to barges at terminal 1 in northwest Portland, and then it is being brought to ross island, where ross island is in much need of clean fill, so we can ultimately restore ross island and start bringing it into public ownership as a park. One of the significant construction -- one of the other significant construction projects that's also going on right now is the construction of the swan island pump station. I think you may recall this pump station is as deep as the Portland building is tall, and it's a massive project, it will also represent the -- the pump station will represent the largest portion of our minority, women, and emerging small business participation in the project. The project overall, the west side big pipe project is still on course to its goal of \$13 million for minority women and emerging small businesses subcontracting. And we've also begun the planning for the east side big pipe, which will start in 2006. The west side big pipe as you recall, and you'll hear later on on another regular agenda item about our possible purchase of terminal 1, the west side big pipe is scheduled to finish in 2006, east side big pipe to start in 2006. So here to speak in greater detail is environmental services director dean marriott.

Katz: Ok, dean.

Dean Marriott, Director, Bureau of Environmental Services: Good morning. I'm dean marriott, environmental services director. With me on my right is paul gibbon, who is director -- who directs the west side c.s.o. projects. As of today, he has agreed to take on overall direction of the east side tunnel as well. So i'm going to be referring to him in the future as our tunnel king. On my left, kim madsen, our chief of design engineering for the bureau. As commissioner Saltzman said

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this, is our semiannual report to you. We pledged when we began this project to do regular public reporting to the city council so that we would have a very transparent and open process. We will talk about the progress we've made, the success we've had, and the challenges that we are dealing with, and you will hear about all of those today. Before I get into the status report, let me do as I always do, is extend an invitation to each of you to -- if you see anything interesting in this presentation that you would like to actually go see in the field, we will be happy to set up a tour for you. I think particularly as the spring gets going and the weather improves a little bit, it would be quite exciting and interesting for you. Some of the construction techniques and projects that you'll see up close and personal I think would be of great interest to you. So why don't we get going. I'm going to set the context very quickly, and then we'll get into the reports about the west side and the east side projects. Paul, if you could get the first slide. This is our -- we may need to dim the lights so people can see this. The storm water collection system -- the storm water collection system and the sewer system in the bright yellow part of the city are combined in the same system. It covers over 40 square miles of the city and over half the population of Portland is served by combined system. We began in 1991 when the city signed an order with the state to deal with this problem. The date for completion is 2011, as you can see from this time line, we have met every intermediate goal along the time line. We're now working toward the next one, which is 2006, for control of the west side outfalls, 16 outfalls. And then the remaining east side tunnel work will complete the project in 2011. We will essentially as you recall go from having about 100 days a year where we have c.s.o. events reaching the river to about four days a year. So a substantial improvement in our -- in part of our river renaissance. The program is basically been a three-legged stool. Getting storm water out of the system, that's the cornerstone projects, many of those have been completed. There's still a few ongoing. The second leg of the stool was the columbia slough clean-up, which was completed by december of 2000. And the third leg of the stool is the willamette, and we started on the west side, where it's under construction now, and will move to the east side. Here's how we've been doing. We started -- the city began in the 1970's to pay attention to combined sewer problem. By the time we reached the agreement with the state in the early 1990 ace, we had control already from 10 billion gallons per year of combined sewage reaching the river and the slew to about 6 billion. So that marks the starting point of our 20-year c.s.o. abatement program. And as you can see from this time line, we're down to about 2.8 billion, so over 50% of the problem has been addressed since 1991. The next big step down will be in 2006, which the -- when the west side tunnel comes online. We'll get down to 2 billion gallons, and then when the east side tunnel comes on we'll be completed in 2011. As far as the progress to date, all the columbia slough outfalls have been controlled by december 2000 that work was finished. Seven of the willamette river outfalls have already been controlled, and as I mentioned earlier, the next 16 outfalls will be controlled by december 2006. But that represents the work on the west side of the river. The overall program costs to date, we've spent approximately \$500 million on the dennis erickson sign and construction. The estimated total bill upon completion will be approximately \$1.2 billion. I'm going to turn it over to paul, who will talk about the west side project.

Paul Gribbon: My name is paul, manager of the west side c.s.o. program for environmental services. I just want to briefly go over the pieces of the project and talk about where we are and some of the challenges we're facing. Just moving from basically the big pipe itself is 14-foot diameter tunnel, 3 1/2 miles long, 120 feet deep. Goes from swan island to southwest clay street. We have two tunnel boring machines. We call them lewis and clark. The purpose of the pipe is basically to carry the overflow to swan island to the pump station. The entire thing runs under front avenue and crosses the river to swan island. Swan island, we have swan island pump station. The purpose is to pump the sewage from the west side big pipe to the treatment plant, ultimate capacity will be 220 million gallons a day. It's huge. It's 137 feet across, it will be 150 feet deep, and there

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will be two from this station to connect to the existing peninsula interceptor. Moving south from the pump station, the confluence shaft, this is where both the east and west side tunnels come together, this will also provide access to both tunnels, and I promise it will look better than this someday. Moving farther south on the west side, we've got shafts at northwest nicolai street, northwest upshire street, southwest ankeny street and southwest clay streets. This is a shot of the nicolai shaft and this is the center of the tunneling operations. The purpose of these shafts is to combine the overflows into the tunnel. And each of these shafts consolidates a number of existing outfalls and they also provide access to the tunnel for maintenance. Moving farther south, this is a picture of the upshire shaft. This is a picture of the ankeny shaft. There's a little more work going on right now, and i'll show you that in a minute. This is a shot of the clay street shaft. The last piece is the southwest parallel interceptor. It's six to seven feet in diameter. First two segments have already been completed. We're doing segment three right now. That will be 1 1/2 miles long, it goes from southwest bancroft street to southwest clay, where it ties into the clay street shaft. It will be constructed using microtunneling, which is basically a tunneling method that's monitored from the surface. And it's -- it captures the c.s.o.'s and transfers them directly to the tunnel. So current status. Again, going from north and moving south, the swan island pump station this, is an actual photo of excavation that's underway. The 200-foot-deep slurry wall, you can see the top of it right here, is complete. We've done jet grouting work underneath that wall to cut off the groundwater, and i'll show you a section in a minute to show what I mean. That work has been complete. We've done groundwater flow testing. And excavation is now underway. We move across the river to nicolai shaft, both tunnel boring machines are in place. This is what the shaft looks like now, and we will complete buildout of the shaft after the tunneling is complete. This is a picture of the northbound tunnel. The northbound machine, lewis, has mined about 300 feet, and stopped, and that was the plan. The purpose was to build a tail tunnel for clark. The machines actually drag about a football field's length worth of trailing gear behind them, so we had to build a shaft or a tunnel big enough for clark's trailing gear. Clark has installed -- is installed is 30 feet beyond the shaft wall heading south. If you look at the tunnel, you can see all the concrete segments that are pieced together. There's been a lot of questions about how that works. So we have a little thing to show it. If you look at the left side of the screen, that's the machine pushing away from the ring as it's constructed. This shows you a ring as it's being constructed. So we've got a couple of segments in, another segment gets put in place, and they get rolled up.

Katz: Oh, my.

Gribbon: So you are seeing a cut-away view on the right. This shows the last piece, it's called the key. It gets fitted into place. After that key is installed, then the hydraulic jacks from the machine set against that, and the machine is now ready to push off another length of ring. When it does, those jacks will be contracted and then another ring would be put in place. All that is done from inside the machine, so it's a water tight seal. We may have to see it twice.

Katz: Pretty remarkable.

Gribbon: It is. The amazing thing about the northbound shaft, it's dry as a bone. We're under 100 feet of water and it was almost virtually completely dry. This segment is really -- the segments really fit together well. Excavation of the upshire shaft is complete. Basically there's no more work going on there because we're waiting for the receipt of clark. Ankeny shaft, this is a shot of what's going on now. The slurry wall is going in for the ankeny shaft. And we've done jet grouting under the burnside bridge. The purpose of the jet grouting was to provide a stabilized zone under the bridge for when the machine comes through. We did detect, we've got a fair amount of instrumentation on the bridge. We did detect a slight amount of movement on the burnside bridge. We're continuing to monitor the bridge. Clay street shaft, this is a recent picture. Slurry wall is complete and now excavation is underway. And as far as southwest parallel interceptor, all the

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shafts have been installed and you can see from the picture it's a different operation. It's we've got a number of vertical piles that are installed in place, intersecting, and that's what forms the wall. Excavation is underway at several of the shafts, and the microtunneling machine is expected to be here within two weeks. I wish could I say this has been a piece of cake. There's been some difficulties, and I want to talk about two of them. After Clark had started mining, we had -- we sprung a leak. Right down here on the bottom, this is headed south, Clark is actually located about 30 feet outside this wall. There's a temporary seal that goes around this opening. After -- there's a concrete block that we install by jet grouting outside the shaft, it's called the breakout zone. Clark mines through there first, tries to get a seal by grouting outside the segments, and then once it broke out into the soil, this temporary seal we had here failed. And a leak came in down here, we had soil and water washing in. There was a great deal of effort put into trying to seal a leak, the leak was finally sealed yesterday afternoon. There was no more water coming in. This has all been pumped out now. And they've done some additional grouting to make sure the leak was sealed, they're going to be checking out Clark today, and if successful, Clark will start mining again tomorrow. There was no apparent damage to either machine. Lewis is about 300 feet up north, so it appears it's been taken care of, and we hope to be mining tomorrow. Swan Island pump station is a little more difficult. This is a section of the pump station. It shows the slurry wall down about 200 feet. This is a cylinder. Underneath the cylinder we jet grouted from 200 feet down about 300 feet. So what this is is a vertical cylinder, it goes from the surface down to what we call the sandy river mudstone. Sandy river mudstone is relatively impermeable material. The purpose was to basically cut off all the groundwater. The next step was to do a pump test, pump the groundwater down from inside to make sure that we had all the water sealed off. We have a fair amount of instrumentation, inside and outside the shaft, and we found we are getting more intrusion of water than we had anticipated. We anticipated no more than 500 gallons a minute. It looks like we're getting 17 to 1800 gallons a minute. And our instrumentation suggests it's somewhere in the mid-range of the jet grouting zone. The contractor has started excavation, anyway. To continue to pump the water down. We're starting excavation but at some point we're going to have to do more remedial work in this area to try to get the water down. We're using three wells to pump the water out. If by the time we get completely excavated we're still using three wells it will slow the contractors' operation down. It will just slow them down. While they're excavating, we're want to continue to work to see if we can't seal off where we feel the water is coming in.

Katz: Incredible engineering.

Gribbon: Current schedule, based on the difficulty of sealing off the groundwater at the pump station, we're showing five months behind our contract completion date. The critical path for the schedule has been through the Swan Island pump station and the groundwater cut-off work. We've taken three attempts so far to minimize groundwater. Originally it was about 4,000 gallons a minute, we cut that less than half, with the three attempts, and we hope to do it further. As I said, the contracts proceeding with excavation so there's no more schedule loss at this point with that issue. Cost. This is our cost projection. If you look at the year 2002, the first column, the blue represents what our original construction budget was, and then the little piece on the top is what our contingency was. So we had a \$293 million contract and we were carrying \$17 million in contingency. If you look at 2003, the maroon piece is expenditures. 2004 is our projection of what we expect to spend. In you look at the top, right now based on the work as it's happened so far, as of the end of 2003, our projection is we could spend \$15 million of the \$1791 in contingency. It doesn't mean we're overspent today, it's a three-year projection of where we anticipate being at the end. We could come in considerably less than that. But that's our projection at this point at \$15 million of the \$17 million will be used up based on the work so far.

Francesconi: Are you going to have to adjust the contingency up?

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Gribbon: No. I want to -- that's what this slide is for. There's -- we have a constant partnership between us, the contractor, our design consultant, construction management consultant, but we're constantly coming up with things we can do. The first suggestion the contractor had for saving time and saving money was moving the pump station building itself off the top of the shaft. The reason they suggested that was we can work on both concurrently. Rather than having to be sequential vertically. We looked at it and thought that it could save us at least two to three months off the schedule. So we're moving in that direction. The second suggestion, on the floors below the ground could we combine the mezzanine with level one. It would eliminate one floor and save approximately one to two months, and potentially one to \$2 million. So we're moving forward in that direction too. It increases our design costs, but it's more than offset by what we can save in time and money, so we're proceeding in that direction. The five-month projection of being late and the 15 million projection of being additional 15 million does not include these options. We've also reduced the size of two of the shafts, upshire and ankeny, and we're looking a reducing the size of the pens instance la shaft that could save money. Our cost and schedule oversight, we have a contract with jacobs associates, they're tunneling and underground experts. We have a blended staff with them, and we have four full-time people on cost who focus on nothing but cost and schedule. We also have been going, undergoing quarterly internal audits, and we have every month we have a full sit-down with the contractors management staff to go over cost and schedule review and compare their projection was ours. So we do parallel cost projections, and estimates on just about every issue that comes up. We're continually looking at ways to save money. We're always look at ways to cut time and money. The contract has a big incentive to do this, to get out as quickly as he can. As far as local business and minority women emerging small businesses, of 78 subcontracts to date, 61 are minority women or emerging small businesses. That represents a little over 4.1 million dollars of our 13 million dollar that we originally identified. We've employed well over 300 local businesses, that number is much higher right now. And virtually all our construction jobs are hired locally, so we've created over 320 construction jobs to date. In our public involvement side this, is a list of all the things we're doing, but we have a full court press going on public involvement and keeping people notified what we're doing, what the traffic control issues are, when we're going to be in a given spot, we've done a lot of community presentations, we continue to do those, we have an exhibit at omsi, and so we're going to continue that all the way through.

Katz: Ok. Thank you. Dean?

Marriott: Mayor, we're ready to move to kim mattson, to talk about what's coming on the east side, if you'll --

Katz: Ok.

Marriott: Kim?

Kim Mattson: My name is kim mattson, i'm the bureau environmental services design services division manager. I'd like to thank linc mann and kim wieneke who put together my portion of the power point presentation today. The east side tunnel project will control the remaining 14 c.s.o. outfalls on the east side of Portland. It will be approximately six miles long, it will be 20 to 24 feet in diameter, it will be 85 to 175 feet deep. It will extend from at the southern terminus from approximately southeast 17th and mcloughlin boulevard up to swan island and the confluence structure adjacent to the swan island pump station. We'll have a minimum of five large diameter shafts, shafts will be similar in sides to the nicolai shaft on the west side, and in addition we'll have two to five smaller personnel access shafts. Our current schedule is that we expect to complete the preliminary design by june of this year. We're hopeful of completing the design itself by december of 2006, and we'll complete construction in mury ssfo deadline date of december of 2011. Just a brief background. Council authorized the preliminary design contract of about \$4.6 million in january of 2003. The firm selected was parsons brinkerhoff, quade and douglas, and as part of that

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preliminary design phase, we have nine mwesb consultants participating, total participation about 1.2 million, which represents about 25% of the total value of the predesign phase. What we've been doing, we've been doing a lot of data collection, geotechnical investigation, public involvement, and we've also evaluated tunnel alignment and shaft alternatives. In the data collection phase, we've done a lot of property ownership research, and tried to figure out who owns what where along the alignment. We've done a historical and cultural resource assessment using information from the Oregon historical society, some newspaper microfiche from lewis & clark college, actually read e. kimbart mccall's books published in the late 1970's, which we found quite helpful.

Katz: Let me interrupt on this one, because I don't understand much of the engineering work, but I want to understand the historical cultural resources, and what you're actually finding, if you're finding anything underground that reflects some of our past.

Mattson: One of the things that's interesting to me, we are looking at the east side and there's a lot of old wharfs, pilings, streets, turn of the century were on planks and plank roads. So that's the kind of information that we're kind of uncovering there. It relates to what's underground and what we might encounter as we construct our shafts.

Katz: And on the west side, what did you find on the west side?

Gribbon: We found a fair amount of old bridge foundations, especially at ankeny. We've found some old bridge foundations. We found old piles at nicolai shaft, and we found some that -- a lot of debris at swan island, because mostly that was all fill in the area where we are. Down at 120 feet, there's -- no, there's nothing down that far.

Katz: Did you locate tunnels of any sort that have been written up historically about past history --

Gribbon: Not in any of our shaft locations, no.

Katz: Not yet -- no, you haven't? All right. Thank you.

Mattson: Continuing on, similar to the west -- what's underground, looking at similar things that was -- that were looked at on the west side, bridge foundations, bridge footings, that sort of thing, there's we also have done an extensive amount of interagency coordination with p.d.c., pdot, odot, all the pertinent city agencies involved. Our geotechnical investigation work has included 25 deep soil borings down to 150 feet deep. We've done a geological assessment and determined that for the most part the tunneling will occur in cemented gravels. We've looked at buried obstructions, bridge footings, bridge foundations, and we've determined the groundwater levels on the east side. For our public involvement piece, we've created a detailed stakeholder database, we've conducted interviews with 40 different stakeholders, and we've distributed an initial project mailer. We also have evaluated our tunnel alignment and shaft alternatives considering construction risks, we've ranked the tunnel alignments and shaft locations, we've evaluated our community impacts with the alignment and shafts, and we have established a preferred alignment. That preferred alignment again runs from southeast mcloughlin all the way up to swan island, and is broken up into three main reaches. The first reach extends from southeast mcloughlin and 17th to southeast hawthorne and second, and it runs by and runs along mcloughlin boulevard, jumps over to under the spring water corridor, passed ross island sand and gravel and past omsi to southeast second and hawthorne. Reach two runs on inner east side and currently is -- runs along southeast second avenue north under i-84 and i-5 to the vicinity of the steel bridge. And the last reach extends from the steel bridge of the rose quarter north along north river avenue through albina yards and connects at swan island pump station.

Leonard: I do have one question to ask at this point. To what extent do any of these reaches the -- depend upon pumps for the effluent to move?

Mattson: None. It's all gravity flow. Looking ahead, some short-term action items here we will finalize our alignment and actual diameter by june. We intend to hire a value engineering firm,

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offer a request for proposal to get new eyes to look at the work that we've done. We'll hire construction management firm similar to the firm that is being used on the west side c.s.o. program. We will be back before council in late spring, early summer to extend the current contract to complete the design phase, and we will continue with our public involvement.

Katz: All right. Dean, let me ask you a question. One of the challenges that we have here in the city is to try to coordinate or integrate all of our capital improvement projects that we have on the list. Some of them internal, some of them external, whether it's road work, freeway work, light rail along the east side, even potentially work on the freeway on the i-5 section on the east side 20 years from now or 25 years from now. Talk about straightening the rail lines on the east side. Are you all -- you're looking at everything to see how you begin to integrate the work that you're going to be doing on these projects.

Marriott: Yes, mayor, we are. That's some of the interagency coordination that ken talked about. We've been in touch with the folks that are looking at the I5 options. In touch with the railroad obviously because were going to be going underneath the railroad in many locations.

Katz: Odot on the bridges?

Marriott: Odot on the bridges. The county on the bridges every agency that we can think of.

Katz: Trimet?

Marriott: Yes. We'll continue to do that.

Katz: I know the, I had hoped the answer would be yes. And I know that we flagged this to you months and months ago. But I want to make sure that it's still on the front burner.

Marriott: Yes it is.

Mattson: We have been in contact with steve iwata the freeway loop project and we actually have a meeting with steve on Friday.

Katz: Okay. All right further questions?

Francesconi: Just a couple about this pump station. Is the problem fixed? It sounded like it's not.

Gribbon: I'd say it's being managed. I wouldn't say it's fixed. What we're going -- it's not holding us up at this point. We're going to continue to excavate, but at some point either we have to deal with the fact that we'll have three wells in the shaft or we have to remediate that grounding zone enough that we've cut the water down to one. We've got time to do that. They have a fair way to go under excavation, so it's a problem we're continuing to brainstorm. We're trying right now. The main effort right now is can we clearly define where around the circumference around that jet grounding zone can we focus our remediation efforts. We have a fair amount of instrumentation set up. The wells continuing to pump. So we're monitoring to sort of zero in on certain spots that will give us the biggest bang for the buck to seal it off.

Francesconi: How much more delay could be caused if we don't -- aren't able to manage the problem successfully?

Gribbon: Right now we're projecting five months.

Francesconi: Five more months?

Gribbon: No, based on what's happened so far. With we didn't get the problem solved -- in one way or another we'll get the problem solved. If we didn't, it will slow down their operation for basically building the pump station on up. It might add another month, two months, if we don't get that amount of water down.

Francesconi: These engineering savings, does it equal the five months of delay.

Gribbon: More than.

Katz: He said that.

Gribbon: What our projection was at the end of december, and then what we're doing to try to get that back. But moving the superstructure off the shaft will save two to three months on its own.

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Combining it saves two months itself. That's five months right there. And we're -- we haven't found a downside to either approach yet. So we're moving forward in that direction.

Francesconi: Are there more modifications we can make?

Gribbon: Very possible. We're continuing to look at anything. Anything we can look at, anything we can see we can make smaller, do quicker. It's the advantage of having this type of contractors is a contractor is more of a partner rather than an adversary. And there coming up with well you know if you do this, if you move this wall over here I can sell you two weeks. We're looking at things like that.

Francesconi: Can you summarize what lessons we've learned from the west side that we can apply to the east side to save money?

*******:** That's a good question.

Gribbon: Uh-huh. The biggest thing is what we call project float, is how much time do you have beyond -- if you look at a job and say how much time it should take, how much money should it take, do you have enough time in there to say if something goes wrong you can account for that. Continually are there cheaper ways, faster ways, do you really need this, can we get by with less and still accomplish what we're trying to accomplish. So, yeah, there's always lessons to be learned, but to me to have people who have already been involved in the west side looking at the east side is a big advantage.

Katz: Ok. Further questions? If not, thank you very much for the report. We'll see you in the --

Marriott: We'll see you this summer.

Katz: This summer. And anybody that wants on the council, that wants to get into one of those pipes and --

Marriott: I'll be calling you.

Katz: -- take a tour.

Leonard: You looked at me when you said that.

Marriott: If you're claustrophobic we can look at them from the outside.

Katz: We can do both. All right, item 136.

Item 136.

Katz: Let me make very brief opening remarks and i'll bring our crew that will be doing most of the talking. This urban renewal was -- area was established in 1974. And what's before you is a -- an extension of the urban renewal. It's going to expire this april. And it's an extension for four years. And that was debated for a while among the p.d.c. Commissioners, among the community, whether they wanted to extend it for 10 years, whether they wanted to shut it down right now, and there's been some little -- some debate in the community, which is very, very healthy. What's been really very exciting is the outreach that the p.d.c. Commissioners have gone through in talking to community members and neighborhood associations about what -- what the future of this urban renewal district should look like. They began that outreach in october of last year. The important thing to note also is that they approached six primary taxing districts, asking them, would they support the extension as well, and you'll hear that report from both janice and matt in a few minutes.

I don't have to rattle off to you what accomplishments have occurred in this urban renewal district since the 1970's, but i've always said the city is never over, the growth of the city is never over. The city continues to grow and continues to need some focus and we have the tool of an urban renewal district to do just that. The commissioners will identify -- commissioners will identify what geographic area that the focus would occur within the four years, the bonding capacity, and anything else you would like to know. So it gives me great pleasure to introduce our commissioners, chair matt hennessee, vice-chair janice wilson, wyman, staff, come on up. I'll turn it over. Chip, i'll turn it over to you. Thank you.

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Matt Hennessee: Good morning, madame mayor, members of the city commission. My name is matt hennessee. I'm chair of the Portland development commission. With me are commissioners -- commissioner wilson, who will speak to you today. Also in place of the director mazziotti is the acting director, mr. Wayman wilson -- winston, and we also have on hand our controller, as well as our corporate council. First of all, it's a pleasure to have the opportunity to speak to you today on an item that quite frankly is near and dear, I think, to all of us, and that is the strength of the downtown Portland, which in my estimation, and I've said this both before many of our regional partners -- our taxing districts in particular -- but certainly to the planning commission, is I believe one of the strongest downtowns in the world, and I'm very proud of it. And we're proud to be your partners in working to keep it as strong as it can be. I want to say right from the outset that each of us did a great deal of soul-searching about this question of renewal -- of extending the urban renewal district. For me in particular, as a person who spent 12 years of his professional life in city government, I have a real strong affinity for downtowns, for public safety and things of that nature, so these are always very important issues from my perspective. I would also speak, however, for each of my fellow commissioners, to say wherever we started is not necessarily where we ended in terms of our own understanding of what we ought to do when it came decision time. We certainly recognized that this district has been extended before. We recognized that there might be many people who would think that we would never have the courage to say no to extending a district, that we would perpetuate those districts no matter what. I really want to assure you, we took a great deal of time in thinking both from our own perspectives, hearing our staff, certainly hearing from the community, and a number of people who, by the way, attended our public hearing as well, and spoke quite frankly, and rather vociferously, the majority of them in fact, in extending the district, and at that time a decision hadn't been made in terms of how many years, but it was amazing to us to hear, and commissioner wilson will speak more specifically to some of that, but I wanted to make sure that you knew as an organization -- as a body that we really did get a lot of input and I was really proud of that. I would also say that there were at least a couple of entities who spoke, I think, extremely thoughtfully. The Portland business alliance and the league of women voters on this issue as well. And quite frankly, their thought was certainly not to extend the district, and I don't think I'm speaking for them. I think that's exactly where they were coming, or saying why don't we delay a decision at all. I'll tell you what I think is wonderful, and this is one of the things that I believed about public policy that's important, and that's the ability to both hear and listen and learn. If there's anything we certainly learned in this process is that we learned a lot from the perspective from the league of women voters and p.b.a., to say as we go forward, one of the things we want to do -- by the way, you must know if we had this all to do over again in downtown, we would have started a year ahead of time, because this was a concentrated, six months of effort that we actually asked commissioner wilson to lead for us, because she was the person freest enough to do that and really help meet with -- and by the way, we all did our parts in terms of making meetings with various stakeholders and things like that, but there was some real nitty-gritty work that needed to be done with the Portland development commission staff, and I can assure you that if there's anybody who's happy, that at least our part of the process that's over, it's the staff of the p.d.c. who had to deal with commissioner wilson on a regular basis, who by the way --

Katz: I can vouch for that. [laughter]

Hennessee: But did a marvelous job from a due diligence standpoint, making sure that we understood the numbers, asked the very difficult questions, and made certain that we were making good public policy. So I really want to say that both in terms of her behalf and then reach back to the issue at hand regarding where the p.b.a. and league of women voters were. Our understanding was, based on our timing and the timetable of selling bonds, and that kind of thing, that we did not have the opportunity, nor there were questions about bond covenants, things of that nature, to

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literally stop at that point and say, based on both what we heard and also what we felt, and that is that the south of downtown, the middle of downtown, were really in very good shape, but the north of downtown, particularly in the old town -- china town and old town historic district, there's still a lot of work that needs to be done. That truly was the majority opinion both on our commission and quite frankly for the people who came to speak, both business owners and neighborhood people, who wanted to speak on this issue. And I think where the league of women voters were and the p.b.a. were, couldn't you just carve out that piece of the north downtown and just add it to another district. And from what we understood, we were not in position to do that. The learning that I alluded to earlier, however, gives us the opportunity to say, as we go forward, because as you well know, in 2006, we have a -- a decision on the extension or not of the central east side. And what we've decided to do is not just look at the central east side, but look at all of our urban renewal districts and say, as we look at it, can we look at it through the lens that they have provided for us, which says how can you potentially, in the future, parcel out things a little bit differently than we have them now and/or look at potentially new districts as well, since we haven't reached the total limit in terms of what we can have percentage-wise in the urban renewal district for the city of Portland. I say all that to say, madame mayor, members of the city council, that we did pass this favorably. We did go, commissioner wilson and myself, to the planning commission, and made a presentation there. They passed it favorably as well. We come to you as the next part of the process to seek your favorable approval as well. I'd like to turn it over, if I could, madame mayor, to commissioner wilson to -- and we'll be prepared to answer questions you might have.

Janice Wilson, Portland Development Commissioner: Mayor Katz, commissioners, thank you for your time. Janice wilson, Portland development commissioner. When we began this effort of looking at the question of whether we recommend allowing the downtown waterfront district to expire or whether we recommend extending the downtown waterfront district plan, we undertook it as a commission with a key objective of not giving an opinion from the commission. We went in and we put together all of the numbers. We looked at the questions. And as both you, the mayor, and chair hennessee indicated, we did an extensive outreach effort to say if we end the district, what does that mean. If we extend it, what opportunities would we have. So that we would be asking for input from an impartial place as we possibly could with no opinions ourself. As we looked at that information, to be honest, much to my surprise, as we talked to the taxpayers of the district, when we talked to those who live and work in the districts, and we talked to our tax increment financing partners, which are key, because those are taxing jurisdictions, as yourself, who are having us be the steward of current and future resources to invest. And the majority of the testimony that we heard from the website, from public hearings, and from individual meetings, was to, one, extend the district, and to, two, issue more bonds. And so after listening to the testimony we then looked at key questions that said, what is our role for the Portland development commission in looking at the downtown waterfront plan? This is a plan that you as city council approved. Our job is, as best we can, to implement that plan on the behalf of this city. We looked at the plan and said, have the goals of the plan been met? That were outlined originally and with the last 25 amendments. The answer to the question was no, they have not. We've done a pretty good job in the southern and middle end and in the north end we've not. We still have an area of blight. And I know that the area of blights in this city are very different than other metropolitan cities, but if you look at the crime rate in that area, and if you look at what is transpiring, it is still an area of blight. It was overwhelming evidence that we have not finished our job and we were being asked to complete that job. So then we looked and said, all right, does this make good financial sense? What's the financial analysis with this? And we looked and said that in extending -- in recommending extending the district, the question is, do we leave \$36 million on the table or do we issue future bonds for \$36 million? That's where the key question came down. And we looked and said that Portland state

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university did a study in the urban studies program a few years ago, and said that when you look at downtown waterfront, the frozen base was \$70 million, and it is increase to an assessed value of about \$843 million. Portland state university said that the key ingredient in that growth has been the investments from the Portland development commission and the multiplier effect that those investments have brought into existence. We then said we know, then, that when we invest, that we're able to get a return for the community in terms of eliminating blight and a return for our investment partners, the tax increment financing partners. We then looked and said, is this just a long-term investment or is this short-term? Four of our 10 districts are in a particular auction arena where you and the other five taxing jurisdictions receive money back today. So for every additional dollar over the \$70 million base, 55 cents is returned from the taxes collected on that base, is returned to the taxing jurisdictions. So we looked and said that the taxing jurisdictions were saying to us, this is a good short-term medium and long-term investment of our dollars, because when we give you dollars we're making sure that we have a future revenue stream that would be -- is enhanced because of these investments, and we are currently receiving 55 cents on the dollar, and that has been increasing every year. So that that was a key factor. We then looked and said, since the job is not complete, what are some key areas that we were being told that were critical? It was improve the skidmore area, better connect old town and the north park blocks, improve the environment along burnside, address issues and needs of one of our t.i.f. Partners, affordable housing issues, there were numbers of other projects that came up on the list. We then looked and said, all right, there are people who say are these just going to go on forever? It's already been in existence for 30 years. So we said, if the question is that if we allowed the district plan to end in april 2004, and that doesn't mean that the bonds are paid back, the bonds will not be paid back until 2020, because the last time we issued bonds in downtown waterfront was 2000, and they're 20-year bonds. So if we extend it what could we receive. We said \$36 million. The question was, when would the -- when would we be able to go out for bonds based on what the bond market requires us, the provisions to meet to do that? We looked and said from a financial point of view, we felt that we would be able to do that in four years. So that's why we came with the resolution to you for four years, not a 10-year extension, but a four-year extension to say that would allow us to use the resources in the district to fulfill the plan that you had approved and to continue to give a return to the tax increment financing partners. When I voted for that, that was one of the primary reasons I voted, is I felt that if the taxing jurisdictions were saying to us that this is a good utilization of our funds, that that was a key important factor to me in my decision and what my vote was. So with that, I turn it back to chair hennessee, saying that's the process we went through, that's the thinking that we looked at in terms of what was the plan, has it been completed, is this a good investment, does it make sense for our community, how do our partners in the community feel about it, and with that that is why we're before you today with a recommendation to extend the life of this district for four years.

Hennessee: Thank you very much. Madame mayor, members of the commission, I just had a few other comments I want to make, and then we're looking forward to the questions you wish to ask us. I want to underscore what commissioner wilson said at the end in terms of why she voted. I won't take a lot of your time to do the same thing, but I do want to say that for me it did come down to that as well, that we were very much willing to let the district expire, except to hear the comments and concerns, particularly from the public, but also from the taxing districts. I would also say that there's more work that lies ahead. After we come here today, it is our pledge to work more closely with the planning commission as a group of people that you appoint. We've not had the opportunity to do that, but literally we wish to sit down and speak to these areas as we look at the urban renewal areas that exist, as we think about the holistic concerns regarding housing and blight and economic development and job growth and that kind of thing in the city, and to make sure that we're working

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together to come to a conclusion on those kind of issues and finally to say that we're not sure where the next urban renewal growth -- or urban renewal district is, but we will do that in concert with each other. I think that's really important. I would want to say one last thing for the people -- i'm a preacher, so it's one last thing is always the third time. Third's time right.

Francesconi: We're still not going to contribute, matt.

Hennessee: Gosh, even after I did, jim. [laughter] I would say that it's only fair that you understand that there were -- this was a 3-2 vote, and the concerns on the other side were really about, one, the concern that we would never end the district anyway, and secondly a question as to whether or not there really were other alternative financing ways to -- you know, to do some of the same work that we were talking about getting done. I think it's fair that that's brought up, and I want to make sure that you know that. Ok?

Katz: Before I turn it over to questions, did you want to add anything at this point?

*****: No, ma'am.

Katz: Ok. I want to thank both of you for a very comprehensive review of the process and of the end result, and reflecting a real transparency about the work of the p.d.c. Commission on this subject. And I know on future subjects. So for both of you, thank you. I even watched you, ms. Wilson, talking to the Multnomah county commissioners, and was very impressed with the presentation and the details on the bonding. The only thing that you didn't say was that even if you ended it today, the 45 cents on the dollar would not be available for 20 years. Is that correct?

Wilson: That's right.

*****: Yes.

Katz: Ok, all right.

Leonard: I do have a couple --

Katz: Just a minute.

Saltzman: I also want to commend the p.d.c., and janice in particular, for a lot of analysis and work that you gave this effort. I guess I want to clarify two things, and then ask a question. This is simply a deadline extension. There's no grant of condemnation authority that goes beyond what p.d.c. already has in this resolution?

Wilson: That's my understanding.

*****: That's right.

Chip Lazenby: It's an extension of the times at which you can ask for more debt. The plan stays effective in each instance where we want to see condemnation.

Saltzman: Ok. Secondly was the -- and the particular list of investments is still to be determined. I mean, you've outlined the broad goals, but there's no list of projects.

*****: Right.

Saltzman: Ok. My question goes back to the question that the league of women voters has posed, and I posed this question at our p.d.c./city council breakfast a few months ago, the notion that simply the river district that we -- that we end the waterfront district in the south, in the middle part of it, and take the northern part of it where everybody agrees the need is greatest, and redraw the river district boundaries to include that. So we sort of have two wins. One, we would end the district, so people would actually know we could do that, or actually 2/3 of a district, and take the part that really needs it, put it in the river district. I was told at the time, it was early in the morning, so I don't challenge complicated financial answers early in the morning, but I think eric parsons and staff said this would require notifying every urban renewal bondholder and getting their permission, and that's a daunting task. Well, I guess I thought about that a lot more since then, and I just don't know how daunting a task that is. Have we simply take that at face value? It sounds on its face daunting, but I get shareholder proxy documents all the time as a stockholder and stuff. So there are companies that do nothing but notify bondholders and seek their permission to do things. And

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you mentioned this was part of lesson learned. Have we just missed that idea because people who we think are smarter than us are telling us this is too complicated or do we really give this a notion an honest look?

Hennessee: Madame mayor, commissioner Saltzman, first of all i'm going to speak to it for a moment, then turn it over to mr. Winston and also to our controller. When we heard that put on the table by the league of women voters and also members of the Portland business alliance, my first reaction was, ooh, that would be great. I mean that. Because that's exactly how I felt. Excuse me. We would not want to make our decisions just because it seems like it might be just a little bit of over complication, and I really don't want you to get the impression that it was because of that we made that decision. It's a little bit more than that. Excuse me. I don't know all of the stuff, but I know you do. And where's --

Katz: Winston, come on up. Pull up a chair and come on up.

Wyman Winston, PDC: Commissioner Saltzman, to answer your question directly, we looked at explicitly the answer to those questions, and I just want to walk you through a litany of the challenges. The first is that like many things, it's possible, but there are legal constraints. The first is that any time bonds are issued within the urban renewal district, there are certain promises made to bondholders. There's specific covenants that are specific to the district and to the bonds. And the last transaction, one of the insurers of the bonds, added additional restrictions, so that the ability to go back to bondholders and to ask their permission is legally possible, but it is rarely done, and it is seldom granted. It's an extraordinary expense of which you're very likely not to see the benefit. I'm going to ask our c.f.o. to focus on the benefit side, because there are some consequences, so that even if we went through that process, get bondholders to do that, the question would be what would be the value to both the old town/china town and to the combination of river district and old town/china town being merged.

Katz: Make room for her. Move over. Ok, go ahead.

Nancy McClain, Chief Financial Officer, PDC: Chief financial officer. Some of the issues that need to be considered, as you're aware, this is one of the older urban renewal districts, and so it was grandfathered in after ballot measure 50 -- 47 and 50, which put some new conditions on how money was received. So this is what's considered an option three district. It's allowed to have the division of taxes and the special levy. Anything you do to change the district in any major amendment type would change the boundaries, could potentially reduce your ability to be that option three, also reduce the ability to return money back to the taxing jurisdictions. Not to say that might not be a good thing, but in the timing phase of it, it would mean that the river district, which has a certain frozen base today, to add new land to it, that frozen base would increase. So the projects in the old town, although would still be there to be done, but there would be a longer period of time for that money to be collected for them to be done, because currently the riverplace already has most of its projects subscribed to. That would mean the old town also, because you may have reduced that district, you may not be able to meet your bond covenants, because you've removed that district from its old options, and you may not be able to meet the debt service because you've eliminated the amount of money available to it. The special levy collection.

Katz: Let me poke a little bit. Because it's an option three, we are able to flow 55 cents on the dollar to the rest of the jurisdictions. If you made that change, would we be able to maintain option three or would we go back to the other options? If I recall one of them would increase taxes.

McClain: That's correct. You would not be able to maintain option three.

Katz: And so the other option would be --

McClain: That the money would not go back to the districts.

Katz: And would be reflected in a higher tax rate?

McClain: Yes, potentially.

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Katz: Potentially?

McClain: Yes. And it would change the frozen base of the district completely. Now not to say that any of this is good or bad or negative or positive, but in the time frame, to look at the extension of this district and to do the number of scenarios and calculations and to bring our bond attorney in, our municipal bond attorneys in, and actually give some legal opinions as to what we can do with our bond covenants and then to begin to look at these districts, that is the process that chairman hennessee and p.d.c. has been committed to, to start working with the planning commission on how should these future downtown districts be drawn or redrawn or changed.

Saltzman: So there are additional -- I mean there are legitimate substantive reasons why you have not chosen this option, other than just the administrative hassles. And the unprecedented nature of asking bond holders to approve a boundary change because --

McClain: That's correct. And generally your bond councils, when they're asked -- i'm sorry -- your bondholders, when you're asked to redeem or change it, you do it on a particular interest date, every six months, semi-annual, and that wasn't factored in to do december 1, or december 31. So there are many reasons, but not that it was just too hard.

Saltzman: Ok, thank you.

Francesconi: Can I follow on this point?

Saltzman: Sure.

Francesconi: I just want to follow on this point. So no additional analysis has been done on this option that we talked about since the council breakfast? I mean there's good reasons, but no additional analysis has been done. Is that right?

McClain: I wouldn't say no additional analysis. We're in the process of working on it, but nothing I could bring to you today.

Francesconi: Ok. Based on what commissioner or chair hennessee said, that you're going to analyze all these by 2006, not just the central east side, but other districts.

McClain: That's correct.

Francesconi: I was very interested in approach, too, from the league of women voters. We did have this discussion. I guess I have a very specific request, that this option be analyzed in more depth with the legal opinion, with bond counsel, involving ken rust in finance administration, so the option is formally presented to us with pluses and minuses.

Hennessee: We have no problem with that at all, commissioner. Not at all.

McClain: Mr. Johansen is working with us as part of omf.

Katz: And i'm interested in the other option -- the option -- other levy options that -- if I recall correctly, we made a very concerted effort to select option three for two reasons. It wasn't going to increase the taxes on citizens to the extent that I think both of the other two -- i'm not sure -- at least one of them, but maybe the two, and that we released -- were able to release the money to the other taxing districts.

McClain: That's correct.

Katz: If you're going to do that analysis, I need to be sure that you do that analysis to see whether that condition is still the same and whether you can in fact do an option three levy if you change the boundaries.

McClain: Yes. And you are no longer allowed to do option three, because it was only for the older districts.

Katz: Right. Ok, that's correct. That's right. So that we are -- we don't have that option anymore.

McClain: No, you do not.

Katz: And I remember the council discussing it, not wanting to raise the levy any higher than it currently -- than it was. All right.

McClain: That's correct.

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Katz: Thank you for refreshing my memory. Commissioner Leonard.

Leonard: I just wanted to follow up on that last point. And then the last thing that you said, was that option three is no longer allowable. And that's due to measure 50?

McClain: Yes. It was part of 5-47-50 that whole scenario of taxing.

Leonard: So are you saying, if we renew this district, though, that we can continue using option three?

McClain: Yes.

Leonard: And why is that if we're actually creating a new district by extending it.

McClain: You're not creating a new district, you're just extending the time to allow you to apply for debt service.

Leonard: And would anybody argue that on the other side? Would anybody say, well, it was due to expire on a certain date, and you in effect created a brand-new district? Would there be an argument for that?

McClain: No. Because the district is not expiring as such, what is expiring is the time to go out for additional debt service in your plans. And so that is what is the expiration date.

Leonard: Is there an argument on the other side that that might not be accurate?

McClain: Not legally.

Katz: Why don't you --

Winston: Commissioner, if I may, I think on your question and why the answer is that it's important to note the difference between the geography and the financing. And I think those two have gotten mixed up as a basis opposing that question. Again I want our c.f.o. to go back and explain what we're doing, and that it's not focused on the geography, which is where most of the discussion has been on, but the action to extend the ability of finances. It's important to note that if the district expired on April 2004 date, because of the bonds being out there, there still would be a district because of the representations made to bondholders to provide that financing.

Leonard: I understand that. On the preexisting obligations through the expiration of the district, my question is, if you create a new district for the purposes of issuing \$36 million more in bonds, those have been obligated in the era of a new district.

Hennessee: Right.

Leonard: Explain to me the reasoning why somebody wouldn't argue on the other side that you've in essence gone out and violated the spirit of measure 50.

Hennessee: Madame mayor, commissioner Leonard, I think we get what you're saying. I think it goes back to -- and if our general counsel wishes to add to it, that's fine. The thinking here is that you already have established boundaries, you have established the -- the bonded and indebtedness maximum of \$165 million, and what you also have is a determination by a date certain, before April 2004, to say will this -- will this district be extended or not. If we had let it go, then I could see the concern that you have regarding a new district.

Leonard: So are you saying there's no chance that the taxpayers of the city would have transferred to them this 55-cent obligation that's currently --

McClain: None whatsoever.

Leonard: You're saying there's no chance that they would have transferred to them the \$36 million obligation in bonds?

McClain: That is possible, if we didn't go out and borrow for that in three to four years.

Leonard: I'm saying if we passed the urban renewal district, I just want to be sure I understand what you're saying so it's clear on the record, are you saying there's no chance that that some adversary to the extension to the urban renewal district would not argue that this falls under the language of measure 50 and that the obligation would be reflected in all city taxpayers' taxes?

*****: Commissioner Leonard --

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Leonard: Can you answer that question? I think that's what you said. I'd just like to hear your --

Katz: Identify yourself for the record.

Chip Lazenby: My name is Chip Lazenby. I'm general counsel with --

Leonard: Chip, you're at lawyer. You won't answer that question. That's why I was trying to cut you off. [laughter]

Katz: No, no. He's been trained.

Leonard: Yes, that's what I mean. Trained well.

Katz: I think we've trained him to answer the question.

Lazenby: Commissioner Leonard and I go way back, so he'll understand my answer, I'm sure.

Katz: Ok.

Lazenby: Let me approach this in a different way. After ballot measure five, urban renewal went through a difficult period of time. There's some ambiguity about how they fit under five. A lot of that was revolved under 47/50 when that whole transaction occurred. And one of the things that happened was the legislature allowed the existing districts to do several things. To determine what their form was going to be and establish for the first time the maximum indebtedness level. There are two parts in the way these urban renewal districts operate. Let's talk about the postmeasure five option three ones. You established a maximum amount of indebtedness. We haven't reached that point that can be incurred by the district. Then you have a plan, and that really is the guts of the district itself. That's what it's really about and that's what the financing is for.

Leonard: I understand that.

Lazenby: This effort here is to extend the time in which more debt can be incurred, if the decision is made not to extend that deadline, next year there will still be t.i.f. flowing into the district and still debt that has to be retired.

Leonard: From the obligation of - -

Lazenby: And so without the ability to borrow more funds, but we could still get t.i.f. Dollars that come in and proceed to do projects that are there, albeit limited, but I think that mechanism shows that the argument that by extending the life -- the time in which you can borrow funds doesn't -- doesn't mean that that in and of itself creates a new district.

Leonard: Well, but the problem here is that while I'm not an attorney, I was on the legislative committee that had measure 47 dropped in its lap, and I was actively involved with the city in rewriting measure 47 and measure 50. So I have a distinct recollection that the issue that we're talking about -- I didn't mean to focus on this, by the way, I meant to -- I have other questions I want to ask you.

Katz: Let's give other people a chance.

Leonard: These are important questions.

Katz: I said that's fine, but there are other people that want to ask questions. Finish this one.

Leonard: I want to be satisfied with where we're heading here before I give up the mic.

Francesconi: I'll give it back.

Leonard: You'll give it back? [laughter]

Leonard: I lost my train of thought.

Katz: Option three.

Leonard: Thank you, thank you, thank you.

*******:** Legislative history.

Katz: Sorry.

Leonard: And my distinct recollection is the legislature made a conscience decision, which I didn't agree with, by the way, but made a conscience to say at this point in time those urban renewal districts will operate under these set of rules, but any others created after this date will operate under these set of rules. I guess I'm not understanding how us extending it isn't in essence creating

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a new district. I understand your answer in terms of the tax revenue dollars paying off prior obligations. My question is more on the new obligations, the \$36 million in new obligations, how we can argue that that falls under option three.

Lazenby: Well --

Leonard: And maybe that's just something I need to put out there and move on, because maybe there's not a definitive answer.

Lazenby: I think there's a practical answer to that, which is let us assume that the decision is made not to extend the time in which we can incur debt. Under the current plan, we still have the ability to issue and the city of Portland still has the ability to issue more debt up until April 24, 2004. So you really are -- really just giving yourself an extension to do what you currently do under the existing plan. It's not creating a new one. We've created new districts postmeasure 50. Airport way I believe is one --

Leonard: But not under option three.

Lazenby: No. Option three was only for the existing ones, so they could come in to conformance with five and 50.

Katz: I guess the question, commissioner Leonard is asking, is a very clear one.

*******:** Uh-huh.

Katz: And we need an answer. I was planning -- I'll turn it over to commissioner Sten in a second, because there are going to be a lot of questions. I'm going to ask the council for permission to remove the emergency clause, which then gives the council a week, and you a week, to respond to these questions. And if there are legal questions that need further exploration, to satisfy commissioner Leonard, then please do so. So if there are no objections, I will remove the emergency clause and we will --

Leonard: If I could make just two quick points.

Katz: Yeah.

Leonard: I would appreciate being addressed, and I appreciate we have another week, because I felt a little rushed today on this subject, so this gives us a little more time for discussion. Two quick points. And the points are this -- you know, I've had some correspondence from people that are advocating for the district that go back to explaining to me the rationale behind urban renewal districts. I'd like to remind all of them, and you, that I've fought for these tools when others have run for them. I don't need the rationale about why we need an urban renewal district, why it's important to take money for development. I understand that. So I don't need that help. What I need is a little more fine-tuning of that. For an example, if we have \$36 million in potential revenue in the next four years in the urban renewal district, you're arguing that it would be well spent in these capital improvement projects. I get that. The question I need for you to answer is -- why wouldn't it be better -- and I almost hate to say this -- why wouldn't it be better to take that \$36 million and bond it and do things like pay for corrections officers to staff a jail so that we have capacity to put people in jail that are now selling drugs in the old town district that arguably drive down the value of property? Thus, if they're gone, the property value will rise. That has the same effect, I think, of what you're trying to do. Why wouldn't we think about -- we just had a discussion just before this -- about creating a community center in southeast Portland. Why wouldn't we take and allow this district to expire, amend the central east side district, and draw a line around Washington high school. We had Mike Bollinger testify from the business association over there that that community district will enhance the value of businesses and allow other businesses to come in to inner southeast. Understanding that, why wouldn't we take that \$36 million, assuming that was available in that amended urban renewal district, and bond and pay for a community center on the theory that it will stimulate economic activity in the inner east side? And then I guess my last point is, I heard you say that -- and you did a good job of explaining the various interests that you

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talked to to get input from, and I heard you say citizens inside of the urban renewal district were contacted and businesses and they all support it. But intuitively I would suppose they would support it, because the taxes they're spending then stays in their district to improve where we they are. But did you talk to people outside of the urban renewal district, in neighborhoods such as brooklyn and those that are advocating for these other kinds of improvements in their district that will generate economic activity and see what their response might have been? I'd be interested in those three kind of general subject areas in the next week, if we can.

Hennessee: Thank you. What we'll do, madame mayor, commissioner leonard, is make sure we respond to you. Thank you very much.

Katz: Well, some of the response you can make right now, but if you want to wait, that's fine.

Hennessee: We can wait.

Katz: All right.

Sten: A couple bigger -- this is for the commission, chair hennessee. Would you characterize that the commission as a whole -- I don't know if you can -- believe that if it was feasible, the league of women voters approach was at least intriguing and perhaps better than what's on the table today?

Hennessee: I would say it is intriguing. I would say, madame mayor, commissioner Sten, that if it were doable, we'd do it. We'd consider doing it.

Sten: The reason I ask that question, you know, I find myself in a little bit of a horns of a dilemma, and we'll have the testimony first, which I have to listen to before I make up my mind, that I would like to shut this district down for all sorts of reasons, and I won't go on about that. I do think there are some projects in old town/china town, close to my heart, affordable housing projects, if those are not taken on in the next couple years, and I see no source of money to do it other than urban renewal, costs three to four times as much if we could ever find the money to replace that affordable housing and the area will deteriorate as those people aren't housed, you could do it over a longer period with the river district extension if it was feasible. That to me seems like it gets the best of both worlds. My follow-up question would be, if the council were to pass the four-year extension that basically contemplates two bond sales, one that would come relatively soon.

*******:** That's right.

Sten: That will happen whether or not. If we were to close the district this bond sale, this is partly for the audience would go for it anyway. So I see that as something that is going to happen. It really is not relevant to the question.

Katz: Right.

Sten: The second bond sale is sometime in the future. And arguably in the next four years. What I would be interested in doing, seeing if we could have a policy agreement between the p.d.c. Commission and the city council that that bond sale will not go forward until there's been a full analysis of going the opposite direction with the league of women voters piece. In that case what we could do, in some cases, is get out ahead of the legal requirement, if we do an extension, it would allow us, if it is the best option, to have that bond sale down the road, but I don't see why that has to preclude taking a better look at what I believe is a better option, which is the league of women voters.

Hennessee: I respect that. What I would say, madame mayor, commissioner Sten, is we're certainly willing to work with council, with the league of women voters, Portland business alliance, and anyone, by the way, as it relates to making these decisions. I think that part of what you hear philosophically from us is that, you know, generally speaking these are renewed at 10-year increments, and we wanted to make it real clear that we didn't want to let the increment go out to 10 years. We wanted to bring it in as close as possible, force some decisions as quickly as possible, given that we assumed that there would be the availability of about \$36 million within the next four years. I would say that we're open to work with you relative to this, but I would also say, don't

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forget, from our perspective, we're planning to take the process that the league of women voters has put on the table and actually look at absolutely everything we're doing in the city relative to urban renewal.

Sten: The reason, and I'll stop, mayor, that I want to explore at least the idea of some kind of explicit policy decision built into this, not to sell those bonds, is I'm not a technical expert, but did spend a little time with the league and technical experts yesterday, and it's possible -- two things are possible, it looks to me, that perhaps the bondholder outreach isn't as intense as it may at first glance seem. It turns out my information could be wrong, there's only one bondholder in this district, so talking to that one should be doable if my information is right, and then we would know.

Secondly, as you get into all the minutia of tax ratios and other things. It's my seat of the pants analysis held by the league of women voters who really looked at this, that \$36 million may be the tipping point in terms of making things work financially president that second bond sale between being able to do the river district and not. We may have to have that on hold. I don't see how that would be a problem anyway, because we don't have that bond sale for a while anyway.

Hennessee: That and the fact that the river district doesn't, I think its 2008, is that right?

Sten: It's longer than that. Part of the appeal of doing the river district approach, is it gives a much longer period of time to take on the blight in old town/china town as opposed to this approach.

Hennessee: First of all, if anybody gets the impression we have concern, anything like that, we don't. We're willing to look at this option, and if people didn't hear it, when commissioner Francesconi asked the question, we plan to do that.

Sten: Take it a step further and say we won't do it until there's been a public -- people have been under the gun.

Hennessee: Right.

Sten: Nancy's done a great job, but that the concerns don't come across from the staff as something we can sink our teeth into, because there's no written analysis, so what happens if you get down the road. I'd like to see a much more formal process before that second set of bonds and --

Hennessee: I respect that. And I think what I also hear from you is that on this second set, what you'd like us to consider, even when we come back the next time before you, is to have fully vented that question. Can we then consider this as it relates to this four-year extension. I think that's what you're asking. Is that --

Sten: I'd like you not to sell those bonds until this Council is ready with you.

Hennessee: I'd like to be in a position to hear you, and then say let's look at it, both the pros and cons of that. Is that fair?

Katz: I don't want to get into conclusions right now. We'll have time to come back, because the public hasn't testified. Let's hear from the public and come back and we'll review all of the issues that have been identified.

Francesconi: Can I just follow up on that, though? When were you anticipating making that second bond sale? Chip, when were you anticipating making that second bond sale?

Lazenby: I would defer to Nancy on that.

Francesconi: Nancy?

McClain: We wouldn't look at it until that third or fourth year of the extension, and then it would be depend a great deal on the ability to pay it back, where we stood with that. We would be working with o.m.f. We're out several years --

Francesconi: So you're beyond 2006.

McClain: Correct.

Francesconi: Since we're going to analyze it, since you already committed to get it back to us by 2006, then I think it's a small step to say you're not going to make the second bond sale till after you report back to us --

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Hennessee: You're the boss on the bond sale anyways, so that really comes back to you.

Katz: That's right.

Hennessee: I mean, let's face it, you're the boss.

Katz: You all need to understand, they don't sell the bonds. We sell the bonds.

Katz: All right, thank you, gentlemen and ladies. I'll have --

Sten: I was going to make that motion.

Katz: No, no. We're going to hear the testimony first. We'll have to make -- if you want to make a motion --

Sten: I'm aware we sell the bonds. I was trying to work a little different process there.

Richard Harris: Good morning, mayor Katz -- or good afternoon mayor Katz and council. I'm richard harris, executive director of central city concern and chair of the old town/china town visions committee. I've got two hats I want to wear this afternoon to talk a little bit about this issue. One of them is along come housing developer and provider and have a very definite perspective about that, but also as the chair of the old town visions committee I want to talk a little bit about what our insights into this are. And others will also talk from the neighborhood. It's been quite clear in the vision plan and the revision plan that there are a number of development priorities in the old town/china town area that have been identified by the p.d.c. commission in their hearings as being very important to the development of old town, and we might called them the unfinished work in the redevelopment of the district. And we wholeheartedly support the extension of the district to be able to finish the work that's -- that's down -- yet to be done that's been identified in these plans. So it's not like there's a -- just a project for the moment. These plans have been developed over the last five or six years, and you've approved those development plans to some degree or another in past actions here. I think all of us recognize the successes in -- the obvious successes in the downtown waterfront, including pioneer place, the chinese garden, waterfront park, many of them, but you probably don't recognize many of the other successes in this district that have to do with the development of affordable housing. There are, and have been, over the time that that district's been in place, 2,375 units of housing that have been preserved as a result of the urban renewal financing, and they range everything from the helen swindell's building to the mark hatfield building to the pacific tower to mcdonald's center to the estate hotel. There are just an endless number of these buildings that have been preserved largely as a result of urban renewal financing. So that the city policies of no net loss and housing preservation and the special needs policies are all enabled by this kind of financing. And I think it's not really well understood, because the big projects that usually get attention, like pioneer courthouse square, are sort of overshadowed, sort of nitty-gritty kind of projects that actually bring affordable housing to the city and preserve them. There are many more affordable housing projects in this district that need to be considered. Some of these buildings, which are at risk, add up to 323 units of housing. And if I may just take another minute --

Katz: Half a minute.

Harris: -- that west wind with 70 units, the grove with 73 units, the home with 29 units, the west with 24 units, the stewart with 55 units, the everett with 29, and the ritz with 43 are all low a income housing units that stand in jeopardy and could in fact be rehabbed and put into long-term use as affordable housing if the urban renewal district were to be fund and continued.

Katz: Thank you.

Lewis Lee: Mayor and commissioners, my name is lewis lee at 318 northwest davis street in chinatown. I guess to sum up the whole thing, very simple for me to say is, old town/china town hopes to catch the tail wind of the whole thing. I am really glad that I spent the time to come up here today to listen to the last round of conversation between p.d.c. and the council. I did learn a whole lot. I jot down some points I want to go through with you, but I guess a lot of them are not

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being relevant anymore. I guess i'm trying to say that we hope in the past we feel that we were not on the radar screen, and listening to you folks a moment ago, I realize that we're working very hard right now, trying to find a window for old town/china town to continue to progress, to stabilize and to strengthen the area. Let's all work together. Thanks.

Katz: Thank you.

Howard Weiner: Good morning, mayor, commissioners. My name is howard weiner, cal skates skateboards and chair of the old town/china town neighborhood association. I want to thank for all the good work that you've done in regards to old town/china town. Somehow we've just been found. You know, i've been listening all morning long. This district has been in place since 1974, and until the chinese garden and other projects that were identified in the old town/china town plan, not a lot of attention has been paid to us. We have some of the most undeveloped properties in the city. We have the most need. So whichever way you cut it, if you -- if you end this district now, we'll stay in area blight for the next 10 to 15 years. Whether it be affordable housing, whether it be market rate housing, whether it be economic development through seismic loans and a prosperity plan, we really need that support. And i'm really speaking to commissioner leonard here, and commissioner Sten, who -- and commissioner Saltzman who I think are a bit on the wall on this. There's no other apparatus available to us. And we have such a vision, we've come so far, we have the third and fourth avenue plan, which is now coming to fruition, the burnside/couch couplet to connect us to the pearl district. We have the u and r blocks, the dirty duck blocks owned by the p.d.c. There's so much opportunity. The public market, the steel bridge skate park, all will bring an economic vitality to our neighborhood and create once and for all an identity which we've suffered from since -- commissioner leonard, we both grew up in Portland, we both know skid row very well. So I plead with you, really, to consider not only extending this district, but paying attention to also the human costs in old town. As you all know, i'm involved in public safety up to my ears, and i've just started to outreach beyond our neighborhood. There's so many areas of need, but by building up old town, by causing public tractors to come, and developers to come, we can start dealing with the street issues that we speak of. We don't want to move those issues away, we want to deal with those issues, find solutions, and have a neighborhood that is 24 hours diverse and one in which we can all be proud that we've had a place at the table. Thank you very much.

Katz: Thank you.

Owen Blank: Good afternoon, mayor, commissioners. My name is owen blank. I chair the Portland business alliance, urban renewal analysis task force, which was formed in late summer to participate in the dialogue that's coming to a head today. Fortunately I had a great task force with people who made up for all the chairs' deficiencies, so what I report to you today goes fortunately for you far beyond my limited expertise in this area. I think the decision about extending the district is actually probably the easiest decision you have to make of all the various issues that have been raised. And the reason it is easy to make, is that if you don't extend the district, you will have foreclosed your ability to address all the other issues that have been raised today. Our task force concluded and our board agreed that to make an isolated decision about this district, without taking a comprehensive look at the soon to expire districts, one in two years, central east side and two years after that south park blocks, followed by convention center, I believe next in chronology, and the other central core urban urban renewal districts, to think about whether those boundaries are rational, to think of whether the development vectors that should be in place for them can be accomplished within the current framework, it's simply impossible in the time provided. We actually differed with some of the decisions that were made and opinions held at staff and commission level with the p.d.c., but we had great access, great exchanges. We appreciate the openness of the p.d.c., both the commissioner level and staff level, and exchanging information about this. I want to briefly touch on a couple of the comments i've heard today and weave them

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into why we think it's important to extend the district and study some of these issues. One, a bond issuance isn't before you today. You know, we do not think the question of extending the district should be tied to any one specific project thought, anybody's specific agenda, or any one or more specific bond issuances. It should be extended because of the collective weight of all the projects that have been talked about today. And so people can make rational decisions about what should or should not happen. The money isn't available to use if you let this expire for a project across the river. There are two limits on issuing a bond. There's a legal limit and there's the bankers limit. The bankers limit is what does the district have the capacity to serve? We haven't bumped up against legal limits of any of the districts that our task force studied. There are banker limits in some of the districts. And so changing some boundaries here or there may be the right thing to increase the capacity of some district that needs it and decrease it the other. There are these legal and practical issues with the bond insurers and the bond issuers to address. I don't believe there's time to do it.

Katz: Your time just ran out. Did you want to get to a closure -- a sentence that closes your thought?

Blank: No, I think I've covered the territory, mayor, and I'd respond to any questions.

Leonard: I do just want to -- go ahead, mayor.

Katz: No. Go ahead.

Leonard: I just want to clarify one point. I wasn't suggesting you could take money from one urban renewal project for another, what I was suggesting was it's all public money. And if you decide that public -- if we understand that public investments can and do create economic activity, why wouldn't we close down that district, expand the boundaries of the central east side district to include Washington high school, and then spend that same kind of money there? Have we done an analysis?

Blank: You might reach that action, but if you're going to set all assumptions and restraints that may be a real or not a side to look at what's best, maybe there would be a combination of the boundaries. Maybe the river isn't the right boundary.

Leonard: Which is really my point. You're making my point, and I appreciate that. Because my point is we sometimes kind of look at these issues with within the boundary of the district. It needs to be looked at within the boundaries of the city.

Blank: Right. And you also have to think that some of these boundaries, to me, at least, aren't very rational. I thought meier and frank before I studied it, was in the downtown waterfront district.

Katz: Ok. Did you also consider that you'll lose your option three levy?

Blank: Yes. We think that option three levy currently returns more money to all the taxing districts than they would have had the district had never been created.

Katz: Right. But if you create a new district, that you may very well lose your option three possibilities.

Blank: Well, if you create a new district, I think you do -- that district can't be an option three district.

Katz: Right.

Blank: But you might tailor some boundaries of some districts within existing covenants or with permission, free up property that in the future -- I mean, we got to take somewhat of a long-range look -- can fuel development that needs to occur elsewhere. What we're convinced is that the -- one of the most important things that was said by the p.d.c. here today is we want to study the big picture, we'll devote the resources to that. We couldn't come to specific conclusions about that, but we certainly couldn't rule out some of these things that have been talked about.

Katz: Ok, thank you. Diane, why don't you go ahead.

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Diane Luther: I'm Diane Luther, Multnomah county's housing director. With me also from the county today is Duke Sheperd, who will speak in a few moments, and Doug Butler with facilities and property maintenance at the county. We're here to ask you to vote for the extension. Chair Diane Linn has asked me to convey the county's appreciation for our recent partnerships that we formed between the city, the county, and central city to meet the needs of the downtown -- start meeting the needs of the downtown's very special needs and hardest-to-house populations. And we urgently need more capital, more capital funds, to implement the special needs committee report, and house the folks with special needs who are or should be county clients, people with mental and physical disabilities, people with criminal records, with substance abuse issues, because their incomes are so low, they're not able to pay much rent, therefore the projects that they're in can't incur a lot of debt, and so we need a high per unit dollar amount for each unit that we're housing folks in. We've all committed the city, the county, various community partners, to developing 400 new units of housing for chronically homeless folks as part of our corporation for supportive housing systems change grant effort. And t.i.f. funds are needed really throughout the city, but particularly in downtown to try to make this commitment happen. And so we are here to ask you to not leave those funds on the table. Thank you.

Katz: Thank you.

Lili Mandel: Hi. Lili Mandel, 1511 Southwest Park Avenue. The p.d.c. hasn't completed their great painting. It's still a work in progress. Old town, China town, and the Skidmore area have to be included in the canvas. If they don't, there will be white patches. Let them finish and then there will be a great masterpiece. The Pearl is just a Pearl. Downtown is a diamond in the rough. And p.d.c. is the polisher. Thank you.

Katz: Thank you.

*****: Good afternoon, Mayor and --

Katz: Stewart, grab the mic.

Steward Emmons: Ok, this one. My name is Stewart Emmons, and he was the lead consultant for the -- for Portland Development Commission for the downtown waterfront opportunities project, also known as the vision study that was mentioned in the paper today. When we went for the project proposing for the project, I walked the waterfront again, and I -- I was really amazed. You know, I keep thinking that our downtown is really a great success, but when you walk down our waterfront it's parking lot after parking lot, parking garage, fire station doors. It's really dead. And it's as if we turned our back on our greatest asset. Yes, our city's pretty good, but it could be a lot better. I know we've talked about being very successful in relation to other U.S. cities, but compared to European cities where people are on the streets, the famous Saturday morning test, Sunday morning test, do we really have that vibrant city that we could have. To get there we need housing. We don't have enough downtown housing. And the p.d.c. project was to encourage -- bring more housing into that area. It's been -- the area has -- nothing's really happened significantly on this waterfront for 20 years. And I don't think it's going to happen unless there's some public investment to catalyze private development down there. We looked at the Ankeny Plaza and Burnside Bridge as being the nucleus of this area. And also the big problem child underneath the Burnside Bridge with the issues and over by the Max stop. And the whole plaza has the greatest bones. It's probably one of the best urban plazas I've seen of any area of our country, and yet right now it's dead. So that's why we're looking at focusing in on that area, doing some surgical public investment around those two areas, and that would help open up the area for -- and encourage more private housing development, both for market rate and also affordable. The fire station, it's a golden opportunity. We're just about to put the -- the fire bureau's just about to put significant money into rehabbing that fire station. It's a golden opportunity to take another look at perhaps moving that. And that is -- between the fire station and underneath the Burnside Bridge, those are the two primary things that

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we can do to really -- to help out the ankeny plaza area. So -- and also, part of our study was also to improve naito parkway. And also to create a room so ankeny plaza could be the home for future public market and a great -- great urban space. Thank you.

Katz: Thank you, Stewart.

Leonard: Can I ask about the fire station. I was told earlier by p.d.c. that the bonds could be issued for that even if we didn't extend the urban renewal district. Are you aware of that?

Emmons: I can't answer to that. I'm sorry.

Leonard: Maybe somebody could.

Katz: Yes, they will, when we're finished with the testimony. Jim, go ahead.

Jim Whittenburg: Jim Whittenburg, retired pharmacist. And right now to be quite frank I don't have an address. I was staying in the Joyce hotel until last Tuesday. And Erik, your recommendation didn't help, the St. Francis. I couldn't get in there to get a place either. So you don't have the pull that I thought you did. I appreciate you with trying to help me with that.

Leonard: So maybe he does.

Whittenburg: Could be. I've lived in the Portland area for 52 years now. I moved here when I was 12 years old from Roseburg. My dad used to come and visit from Roseburg. He lived there until he died in 1990. We used to travel down to the district. I was thinking of some places today. As kids, we had a lot of fun with Hung Far Low as a place to go and eat. Then we also went to Jake's famous crawfish back when it was a real restaurant and not a yuppie place for fat cats in town, and we could get a meal for \$6 or \$8 which wasn't back in the 1950's. It was much better food than it is today. And the waiters were much better. Commissioner, I was going to tell you that I almost missed the hearing today, since I'm now excluded from Tri-Met for 30 days and can't seem to locate another type of transportation, so after being a monthly member here for \$56 a month for the last five years, the one month I didn't have a pass is the one that they decide to follow me and essentially harass the devil out of me and exclude me from Tri-Met. I have to sneak on. I've got disguises I'm wearing, little beards and hats I'm wearing, so I can get back and forth. I don't drive anymore. I think what you're doing is destroying the people that I grew up in, the Portland that was fun, the Portland where you could cross the street without having someone go through a red light or try and run you down. And I've learned to just recently that one of the ways to deal with this is that I've got a cane now, and when I get to a store and the S.U.V.'s keep flying by there, and the trucks, you know, saying "I dare you," I put the cane out and they stop. They're afraid I'm going to scratch their shiny new S.U.V. with that cane. So it gets me across the street. But that's the only way I found so far to deal with this crosswalk thing. You're giving away our money. You're putting up a project out there in North Macadam that my friend, Joan Horton, who walked all of her life for her home, down there on Curry Street, is now going to take away of her river, her view of Mt. Hood, and we're going to run a tram over her house, too. So the house she worked for so hard for all those years is essentially going to become a public spectacle that people can look into her back yard and her windows as they travel back and forth. You can't seem to estimate how much money you need. First it's \$15 million, then it's \$30 million, then it's \$28 million. Now you're telling us you're saving \$2 million, being good to us because you're saving us. I don't get. I guess my old brain doesn't quite do this. In less than two months, I'll be 65, and by, gosh, I hate to see what you're leaving here for my nieces and nephews.

Katz: Thank you, Jim.

Whittenburg: Thank you very much.

Shelly Lorenzen: Shelley Lorenzen, League of Women Voters. We think our proposal, which has been discussed somewhat today, it gives a win-win solution to the situation. I think we need to touch a little bit on the benefits of ending the urban renewal district, because I don't think that's been really addressed. These benefits include allowing more money to flow faster to our schools,

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our general fund, the county, etc. It will send a positive message to taxpayers at a fiscally constrained time, and it would free up limited urban renewal capacity for other areas of town. On the other hand, our proposal also allows continued investment in those parts of downtown waterfront that we all agree still need revitalization. Old town and china town, including the skidmore fountain area. Rather than continuing in these areas in the downtown waterfront for only four more years, our proposal is to fold these areas into the relatively young river district urban renewal area, which will give p.d.c. more time and flexibility and potentially more money to thoughtfully redevelop these areas. The only concerns that we have heard with respect to our idea is that it might be difficult to do, but based on what we've learned we think it might be relatively easy. You could withdraw today an area of land from the downtown waterfront worth 10% of the total assessed value of the district without bondholder consent. That is about \$80 million worth of land. And add it to the river district urban renewal area. If you want to go for the full 20% that could be added to the river district by the urban renewal statute, there's only one bondholder to negotiate. Actually I was going to call them this afternoon if you were interested. It appears that, again we're working on limited information that we've obtained from the p.d.c. website and others, but it appears as long as we maintain a revenue to debt ratio in the downtown waterfront at 150% that should be acceptable to ampac. The ration of revenue to debt right now is about 300%, so even if you withdrew the old town/china town revenues from the calculation, it appears there would be ample debt coverage to allow removal of these areas. And inclusion of them in the river district. In brief, we think the best course is to end the district and fold old town/china town, including the skidmore fountain area into the river district. But we would not one point of caution and commissioner sten referred to it earlier. If too much money is drawn down under downtown waterfront, either before the end of the district or if the extension period is allowed, we may jeopardize our chances to fold old town/china town into the river district because it appears that the revenue/debt ratio would fall below the required levels. So I think, you know, as i've been sitting here listening today, I thought I know that the four years is considered sort of a compromise period, but in a way I think, you know, if you're going to extend the district, it almost might be better to do it for longer, so that you have more time to be thoughtful about it, but that's the beauty of the river district proposal, it gives you that time and flexibility.

Katz: Thank you.

Katz: Irwin, why don't you start.

Irwin Mandel: If you insist. Irwin mandel, 1511 southwest park avenue. My wife and I came to Portland in may of 1993, and we soon got involved with the downtown community association, so much so we joined the last use committee and started helping them write the downtown communities residential plan. That's the first draft. That was in 1994. For the next two years, we continued working on writing that, and in 1996 this -- not this council, but the council adopted the final version of the downtown communities residential plan. Only mayor Katz remembers that event, since there were other people on the council, although commissioner Sten, of course, was chief of staff to gretchen kafoury at the time, so probably quite familiar with it. I'd like to read to you some of the goals of that plan. It dealt with housing. Don't forget, the downtown community association's boundaries extended to burnside from the river, burnside, the sweep of i-405 back to the river. Those are the boundaries of the downtown community association. There was one on housing. And this was objectives were adopted as part of this comprehensive plan. Stimulate the construction of a wide range of housing within the downtown. Achieve a downtown residential housing unit mix, composed of 15 to 25% low and extremely low-income units. 20 to 30% moderate income units. And 50% to 65% middle and upper-income units. And also, Item 6-3 increase the downtown's residential population, promote downtown as a residential community, and support efforts to retain existing and attract new residents. These goals have started. They haven't

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been met yet. We also spoke about reinforce the downtown community residential sub areas. One of them is skidmore/yamhill. This was a goal and accepted. We have an action chart, which of course was the guts of what the council really accepted, and that was support housing projects which will result in the provision of housing for a wide range of income groups. One of the implementers was ac/dc, but the other major implementer was p.d.c., Portland development commission. Two other issues about housing. We also said support housing projects which build loft-size units for use by artists, as well as living and working space. This was intended to take place along first avenue. Instead of what we have now, and it's still blighted, the blight of those -- excuse me -- surface parking lots. They may be -- might be developed, providing there's enough funding to stimulate other projects around it.

Katz: Finish your thought.

I. Mandel: Ok, one more. Encourage the reuse of the skidmore fountain, old town and yamhill historic buildings for multi-use developments serving residential and commercial tenants.

Katz: Thank you.

I. Mandel: Let me tell you, the rest of you, I don't know if the commissioners, the other four -- three commissioners up there have ever seen that we do have a residential plan coming from the downtown communities association.

Katz: Thank you.

I. Mandel: Thank you.

Katz: Thank you for reminding everybody there's history before people arrive.

I. Mandel: Yes.

Amanda Fritz: I'm amanda fritz. I'm here speaking for myself.

Katz: Identify yourself for the record.

Fritz: Amanda fritz. I've learned a lot in the last hour, and I really commend you for your thoughtful consideration of this question. One thing that would have been helpful to me, in addition to chair hennessee mentioning what the minority in the Portland development commission had said in a sentence would have been have to have some more information about on a 3-2 vote what that minority position was. I'm here to support the league of women voters position. I'm glad to hear you want to go give that more consideration. I think it certainly sounds like a good solution to me. There's been a lot of talk today about the debt, the bonds, and all that kind of stuff, and not very much about what's the revenue side and how property tax increments are spent. I'm pleased to hear commissioner leonard bringing up the issue of the Washington high school and for me as a citizen wondering about prioritization of funds, to we really want to spend \$5 million on the burnside/couch couplet, or are there other transportation issues in other parts of the city that -- that money could be spent on. If you don't extend this district, those property taxes could still all be spent in this district. Nobody is saying that these needs, the affordable housing needs and the transportation needs in old town/china town are not compelling needs, however they need to be balanced and prioritized with needs in the rest of the city. When mayor Katz came to jackson middle school a couple of weeks ago for principal for a day, she was told about the parents are there selling bumper stickers because the office of transportation can't find \$20,000 to fund a crosswalk for children to safely cross the street to safely get to school. It's that kind of prioritization that we need to consider when we're considering how to spend funds that have been generated by the wonderful projects that have been done over the last 30 years in this urban renewal district. When are those tax dollars going to start being spent in other parts of the city in now is the prime to prioritize that and decide do we really want to put them all in this district or should we let the district do some of the bonding. My suggestion is we should have a discussion.

Katz: Go ahead.

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Carol McCreary, 411 NW Flanders #704, 97209: My name is carol mcreary, I reside on northwest flanders, old town lofts. We're building a dynamic community in old town/china town, really the heart of historic and forward-reaching Portland. And I think as residents we're a special lot. We really have been embraced diversity. We have tenants. We have renters and homeowners and affordable and low-income. We have neighbors who can't take care of themselves, and we have a certain dynamic I think in the streets that I -- I would like to speak for. The diversity was the pull that drew some of us homeowners into the area, as well as the priorities in the visions plan that's been articulated in the community and which howard winier and richard harris spoke to, and so many of those priorities picked up by the p.d.c. So i'm just here to ask you to take advantage of this window of opportunity, of the four years coincides with the period when we are somewhat boxed in by the two b.e.s. projects, the big pipe and the couch sewer project, as well as facing some challenges to our businesses on third and fourth streets because of the streetscape dynamic, which we're all very, very excited about. This four years window of opportunity I think gives us all an opportunity to keep the momentum and so I would ask your support in extending the district.

Katz: Thank you.

John Weigant, 18989 NE Marine Dr. #15, 97230: My name is john weigant. 18989 northeast marine drive. I was born in Portland. I'm a former urban planner and computer systems analyst, and my only interest in being here today is good government. I would like to remind the commissioners that at a budget hearing a couple of weeks ago, several of the discussion groups reported they believe the p.d.c. was out of control. Madame mayor, you dismissed the comments, saying that only a million of discretionary funds were going to the p.d.c., but I submit these groups were talking precisely about these tax increment financed projects that were out of control and not the discretionary budget. This ordinance had an emergency clause, and I appreciate that you are removing it. This is not an emergency. The p.d.c. has project managers who are familiar with critical path planning and have had essentially 30 years to prepare this ordinance. And I think as a policy the city should avoid emergency clauses when there is not an emergency. Let me confess to a bias for anything that the league of women voters says. Over the years i've analyzed their positions and found them uniformly to be excellent, and so I support their position, too. The council made a deal 30 years ago that the tax base to the city would revert after 20 years, and I think it's time to do that. We've got infrastructure and service needs that need to be supported, and it's time to fulfill the deal. The basic problem is that the city is sponsoring economic and population growth faster than it can sponsor infrastructure and service development. To keep the quality of life from Portland from deteriorating. I think if I would have a single recommendation to you, it would be not only to remove the emergency clause, but to extend this project for one or two years and focus it on planning and analysis so that we can figure out what its future ought to be. Thank you.

Duke Shepard, Multnomah County: Mayor, commissioners, I'm duke shepherd. I'm from the office of county chair diane linn. I will work to be brief and try to separate and clarify the extension from the courthouse issue that you're also all aware of. A majority of our board, and you have a letter in your packet, supported extension. That extension support is not based solely or even primarily on county courthouse needs. The majority of the board that signed that letter supported the extension for all the reasons that have already been articulated, housing, economic investment, transportation needs, old town's continuing lag. The board supported a time limited extension to get the work done, to fulfill the promise, not leave the opportunity on the table. As to the courthouse, the potential partnership, which is one that I would summarize is the potential to leverage each government's capital assets to each others' benefit, to help us meet what is a potentially enormous courthouse need is accounted for in a potential bond issuance under the current authority that you would consider separately in the near future. So those possibilities are ongoing conversations with p.d.c. They're not ironclad commitments. And our board will be undertaking a potential resolution

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on action steps based on a blue ribbon courthouse committee plan in the next couple of weeks.
Thank you.

Leonard: If I could, duke, did the board -- so it was a 3-2 vote?

Shepard: There was not a vote. Three members of the board signed a letter.

Leonard: I see. I guess the concern I have, and i'm just curious, I don't want to put you on the spot, but one of the issues is the services the county's been compromised being able to provide due to a number of factors, measure five, measure 50, and especially measure 30. Given that the extension of the district, you know, continues some of the compromise in services really some would argue in some ways are more important for some of our most vulnerable citizens than what the city provides, I guess i'm just wondering if there's been a full discussion of the impact on those services by the county.

Shepard: Sure. Commissioner Leonard, Mayor Katz, I think this -- the commissioner that i've had with the board members in support of this extension and my boss is that in some ways this area is unique, and because of its status we already receive the revenue from it. Two, because of the last issuance of bonds, no money's coming back on the tax rolls for 20 years already. So an extra four years, the potential payoff for the community for the economy for residents foregoing that revenue for another four years seemed a prudent tradeoff given that the already significant time frame before revenue will come back on the tax rolls.

Leonard: Thanks.

Ron Paul, President, Portland Public Market, Inc.: Mayor, commissioner, Ron Paul. I appear as president of Portland Public Market, Inc. I want to tie the history of the Ankeny Square area together with the history of public markets going back to Portland's founding in the mid 1800's, and it's not a coincidence that the preferred site that is being seriously evaluated now is rehabbing the Skidmore Fountain building and the adjoining areas around Ankeny Plaza for a proposed year-round public market. Portland Development Commission has been a key partner in the development of this idea and the Public Market Board is committed to working with P.D.C. and would prefer to see an extension of the downtown waterfront urban renewal area. The public market is one of the catalytic projects in the creation of a market district that ties together sustainable development, economic development, that is appealing exclusively to locally-owned businesses, and is a vehicle for wealth creation in addition to job creation. And we would urge the consideration of the extension of the district, but also just the council's appreciation of the role the P.D.C. has played in nurturing the creation of the market. Thanks.

Katz: Thank you.

Moore: That's all who signed up.

Katz: Anybody else want to testify that hasn't signed up? All right. Can I have P.D.C. up here. Let me just -- just explain to the council, if the council -- I removed the emergency clause, because, a, I wasn't sure there was a unanimous vote and there needed to be a unanimous vote to pass an emergency clause, and b there were issues that I knew would be raised that you may not have answers to today. I want to make it very clear that by my removing the emergency clause, this issue will pass to second. We will not be voting on it today. We'll be voting on it next week. And then it goes into effect 30 days after the passage. And we're getting now to what I assume is a deadline for the extension of the district. So the -- i'm going to ask the P.D.C. to respond to some of the issues that you heard, but for the council if you're not interested in extending the district to at least another four years -- I know there are caveats, and we'll take those in a few minutes -- I need to know that, because there's -- that's going to be very clear in terms of how we move ahead on this. So keep that in mind, because i'll come back and ask that question in a few minutes. Would you want to respond to some of the issues that you've heard and then let us know what you are -- what you will be able to do within this next week's period of time and if the council wants to -- and I know you don't sell

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the bonds, but if the council wants to set the policy that the second set of bonds not be sold, what implications does that have on the work? I'm not sure it does right now, but I want to hear about it before we move on. Janice, why don't you start.

Wilson: In terms of --

Katz: Answering any of the questions that you heard or not.

Wilson: Would you like us to answer those questions?

Katz: Or anything else you want.

Wilson: Maybe to a couple of commissioner Leonard's questions. Those questions were early on, why didn't we utilize the money for a community center or why didn't -- owe.

Leonard: That was not my question.

Wilson: Then I misunderstood.

Leonard: Yeah. I want to be real clear, because people are sometimes they look for errors in what you're asking in order to dismiss it as an uninformed question. So I want to be real clear what I'm suggesting.

Wilson: Ok.

Leonard: What I'm suggesting is, when we decide to do projects in the community, much as was testified here earlier, one of the faults I've seen in this system is not to prioritize prongs. The projects within the urban renewal district we're discussing, I've read and seen and understand. What I'm wondering is, if we were to decide to let the district expire, then what apparently would occur is \$36 million in bonding capacity expires with that. What I'm suggesting is, what if, assuming that we look at that money as public money, public money that is -- that is potentially beneficial to all citizens in Portland, and we look across the river and redraw the urban renewal district around Washington high school to include the central east side we, bond within that district to raise that same amount of money -- and this is a hypothetical, I don't know if it pencils out that way --

*****: Uh-huh.

Leonard: Assuming we encumber the same amount of liability over there, isn't an argument to be made that the economic activity that would occur from creating the community center, as we heard one of the business people say, as important as or maybe more important in that area than in old town? I'm not suggesting that it is. I'm asking, do we ask those kinds of questions? Do we look at options? Do we look at priorities throughout the city beyond a given boundary in an urban renewal district in making those decisions, much as what Amanda said earlier, which I agree with, do we think about what the alternative uses of those dollars would be if we allowed the district to expire. Duke mentioned that the district --

Katz: Go ahead. I think she got the question.

Wilson: Yeah. So I appreciate -- yes, we do look at those issues. We will need to probably meet with you maybe individually to have a further, deeper discussion. In downtown waterfront, if we decided to allow the district plan to expire, we would not have that money available to spend until the bonds were expired, and that would be 20 years out. So that those -- that \$36 million would be available, but not until much later. Then the question would be, is if we wanted to expand the boundaries, if you did of another district, and say we would like to include a particular area, then that's an issue that is a very good issue to look at, and I think there what we need to always look at is in downtown waterfront, because it's been in existence for so long, we've been able to do at the end some public projects that do not give us any tax increment. In districts that are earlier in their life, and central east side, even though it's looking to expire, we haven't had that luxury. So in looking at that question, commissioner, we need to say, if we expanded it to do Washington high school and if it was -- did not generate taxes in and of itself, would we be able to have the bonding capacity available, which is a separate issue from central east side, because we have a very small amount left, and we're not even sure how much we can go after right now. So what it says is

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excellent questions need a more in-depth analysis to be able to give you the kind of good answer that you would like and would you like us to be back to you by next week?

Katz: Yeah. Whether you're back -- I need some answers by next week, if you can get them. Because we need to act on it next week. So --

Wilson: So I think what we can commit to, and we were talking in the hall, of all of the questions that you have asked us, and i'm glad, commissioner, that you clarified, because I misunderstood the question --

Leonard: I wanted to add on a little bit on that same point, just to make sure that we cover the area. I think there is a presumption, because i've had communication to me, that says, well, we have 20 more years left on the bonds anyway, just extend it another four years, and I think it misses the point when that's being argued, at least it does for me. I mean, I believe, if i'm not mistaken, that we allow the district to expire, we will have \$36 million more generated in than what we otherwise would have had. Am I mistaken?

Wilson: Let me ask my chief financial officer to make sure you get a correct answer.

Nancy McClain, PDC: I'm not prepared to answer that right now.

Leonard: Let me see if I can --

Katz: Wait. You asked her a question. Let her answer the question.

Leonard: She did. She said she couldn't answer it.

McClain: In detail, to give you the exact dollars to know where that money's going to go, I would really like to have some time to it s sit down and --

Leonard: My question is not that complicated. It's if you assume that you are going to bond \$36 million if we extend the district, by inference doesn't that mean that's money that would otherwise would have gone to whatever taxing jurisdiction and whatever -- in whatever amount?

McClain: By inference.

Leonard: I don't understand your reluctance to --

McClain: I would really like to sit down, because we're making some assumptions that we actually -- assumptions that we can actually borrow the \$36 million in three to four years. We still with o.m.f. are looking at our bonding capacity. We want that ability to look at that. We also want the ability to look at what that does to debt service coverage, just like the women league of -- league of women voters talked about.

Leonard: Let's make an assumption. Let's assume that you can borrow \$36 million. If we assume that for discussion's sake, can I infer from that that if we don't extend the district, then that \$36 million would go to whatever taxing jurisdiction that --

McClain: Over a period of time.

Leonard: Over 20 years as I said. Over what period of time the bonds would be let for.

McClain: Correct. Over what period of time from the date I borrow from to its time of --

Leonard: I understand.

McClain: It could be 20 years. It's not \$36 million all in one lump sum coming.

Leonard: I understand that.

*******:** Ok.

Francesconi: Where this gets more complicated, I believe, is the testimony from Portland state, if you make these capital investments, it will actually increase the amount of revenue, so the other districts actually get more than \$36 million.

Leonard: That's the basis for urban renewal districts, I understand that, but my question's become more what would otherwise occur if we didn't extend the district. And you've got to take that into account. What kind of investments are we suggesting that no investments occur if an urban renewal district isn't extended? I don't know we've heard the answer to that.

Katz: Anybody else want to respond? You will be able to --

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Wilson: Yes.

McClain: Yes.

Wilson: So what we will do, mayor Katz, is take the questions and comments that have come from council today, circle back with you to make sure that we're understanding clearly the questions that you're asking so that we answer the right question, and then we will be meeting and come back to you next week with as detailed and clear an answer as we could possibly give in the time frame that we have.

Katz: Ok, good. On the issue of the second bond, the next bond issuance, since you don't issue the bonds, it comes to us. So I understand very clearly that there may be support on this council not to allow for that issuance of the bonds until a lot of this information is clarified and reviewed and brought back to the council. Did I state that correctly? Ok.

Francesconi: Well, with the specific, whether we can expand the river district urban renewal --

Katz: Absolutely. It's tied to that.

Saltzman: I need clarification on that. It seems to me we have to wrestle with that question between now and next week. If you go ahead and renew it for four years, it's a moot point to talk about redrawing the river district after that.

Katz: That's another issue. We'll go back to that on a second. I want to get closure on this, that there may be support on the council not to sell the second set of bonds until some of these questions are answered. Now you're -- now you're asking the question with regard to the river district and redrawing those lines. Is that something that you'll have information for us -- could have information for us by next week?

Sten: Mayor, could I clarify?

Katz: But he's got another --

Sten: My issue on some of the bonds wasn't until all the issues get clarified. It's strictly on the question of whether we could add old town/china town to the river district, because I understand it's going to longer to look at that than you have on the extension. So my theory was, and maybe you could think of if this theory makes sense, that if you could, if the council agrees, extend for four years, but agree not to do the second set of bonds until we take a look at in the kind of detail that would need to be done, the proposal, which the p.d.c. Commissioner least likes in theory and the council likes in theory, to close -- then my thinking was you could do that at the end of the four years, or if you could do that sometime in between, that the optimal -- the problem with it, if you sold the second set of bonds, it may throw the finances off on doing that project. So that was the only question I wanted to hold up the second bond sale on, to see whether it would work or not. I thought you could not do any harm to the concept that the league of women voters has come up with by taking that approach. If it would do harm, by extending it four years, then we have a much more I think urgent need to deal with that in the neck week.

Wilson: Ok. Commissioner Sten, I would say that what you're saying is feasible, and the reason is that we couldn't have the capacity to go issue a second set of bond for three or four years, so we don't have -- we would not even have the ability to do that in the financial markets. So that we have that time to look at the question. And in fact, if that something you're really -- if that's something you're real serious about, then what you really want us to do is extend for four years, because it gives us the time to look at that in keeping the option three available for us, and it gives us the time to look at which, which we as a commission have already committed to, in saying because we've got south park blocks with that plan expiring in 2008, and we have central east side at 2006, so we have these issues before us in giving us some time to think about how we can do it. I don't believe that we could, between now and the short time we have when this district plan expires, do all of the work and analysis to shift a part of old town to river district. We just couldn't do it.

Sten: Follow up with one --

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*****: Am i?

*****: I think you're correct.

*****: It's just not possible.

Katz: Just a minute.

Sten: If you take that approach from my perspective, we may still have the opportunity to do the -- I think the river district extension is better for old town/china town, and I guess -- and if you could check into this in the next week, I think if we were to extend the district for four years, but not during that time period issue any bonds, I don't think it would have any effect practically speaking. I think the same financial effect would be there as if we didn't extend the district. See what i'm getting at? If we extend the district, but don't use the bonding capacity, the taxes should work -- maybe there's subtle differences in terms of how fast bonds get repaid and other things, but basically it's the same result. That's the idea i'm trying to pursue --

Leonard: Why wouldn't you let it expire and later amend the waterfront district to include the portion that you're discussing, the river district?

Sten: The reason I wouldn't is if fact there is some technical deal-breaker on extending the river district, because i'm convinced --

Leonard: The option three issue?

Sten: Yeah. Because I think the river district the league of women voters has will work, but if it doesn't I would personally extend this four years because i'm worried about those housing projects.

Katz: Right.

Sten: Just in case the technicalities do kill that better idea, you can still do those projects over the four years.

Leonard: I see.

Katz: That's the point.

Wilson: That is the point.

Katz: Ok. Any further questions?

Winston: Just one clarification. Commissioner Sten raised the issue that there was only one investor on the bond issue --

Katz: That there was only one bond.

Winston: Right. And there's one insurer, Amvack, but I don't know if it's accurate. I don't know if it's accurate that there's only one purchaser --

Katz: Why don't we ask eric. Eric?

Sten: We don't need to resolve that now.

Katz: Well, the issue came up. Is shelley here? Quickly.

Eric Johansen, Debt Manager: Eric johansen, debt manager. There's one bondholder for all of the bonds.

Katz: All right. Everybody, you're ok on not acting on the sale of the second set of bonds? Because that's not a decision they make? That's a decision we make. Ok, fine. So we'll pass this on to second. I assume there will be enough votes to get you to 2004. With all the caveats that you heard, and as much information i'll allow you to -- well, let me think about it. I may allow you to share some of the information if you'll be able to put it together before the vote next week.

Sten: Mayor, what would be helpful to me, and you'd rather we did it, that's fine, I was trying to work with the commission. I'd love to see some kind of time line proposal, how you'd go about getting at these questions over the next couple years so we could show our constituents, here's the process that's going to be followed to go after that river district question before the bond sale.

Katz: Excellent.

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Wilson: My understanding is we are doing a work plan right now with time lines and we've agreed to work with the planning commission on exactly this topic.

Sten: I think even just a rough of that by next would show people we're serious about this.

Saltzman: While I appreciate all the rigor we're bringing to the question now of extending the river district and terminating south waterfront, and I appreciate all the work you've done, but I do have to say, I mean, this idea has been around for at least six months, and I guess I am a little dismayed that there's nothing more than you can share with us right now other than you've looked at it and it's a bad idea. I think there's been an institutional preference against that option.

Katz: Please respond to that.

Winston: Wayman winston. This has been a pretty compressed process of six months, and so that I want to speak to the work that our commissioners did that we've looked at the question, and we think that it has a high degree of risk for the amount of investment. Then when you overlay the amount of time we had to -- of which we were facing the april 2004, that was the other thing that we had to deal with. Because of all of these discussions, the certainty is that the district expires april 2004, so we simply didn't have the type of time that would allow the things that you're saying to occur, commissioners. I think what we're now -- have noted, was that when those questions came forward, we didn't reject them, we've continued to look at them and have also, as noted, said we would use the analysis and suggestions for all of the other districts so that we would have the ability to benefit from whatever knowledge that we learned from the proposal.

Katz: Yeah. And I guess -- and that's a fair question, because I know that janice and the staff and matt have spent an enormous amount of time talking to the other jurisdictions, educating themselves and educating the public. I'm aware of that process and the time line was really short to do the other part of the discussion. The other issue -- and we haven't even mentioned it -- there's a desire by the part of our taxing district in our jurisdictions to have some of their projects completed as well. And so the project list, which nobody is ready to talk about right now, is maybe the elephant in the room, because if you aren't going to spend \$36 million in this particular district on some projects, there will be issues with our taxing jurisdictions that would make them quite unhappy and disappointed. But that's life. I just wanted to mention it.

Winston: Well, and I think that's a key point, mayor, because one of the priorities of the Portland development commission is to be a better partner. And when we looked at it and said that the city of Portland represents about 30% of the tax increment financing revenue and the other 70% comes from the other five partners, and so we've really worked hard to listen to what everyone has to say because we're stewards for money for a number of taxing jurisdictions and a wide variety of citizens. And you're right, when we looked at this, we had \$350 million in requests for money and about 80 million left to spend. When he looked at that, looking at the whole community, at what's best, and commissioner Saltzman, I can tell you there was not a bias against the issue of should the districts come together. What we found is, this is the first district that was having a deadline date since south auditorium. If we had to do it again, we would have started 18 months earlier. We found once we got into it, it was so complex, so much information that was needed, that it took that amount of time to get where we are today. So we learned. And so that's why on central east side and south park blocks, we said let's start today and let's take the key questions that are being asked and really do some work and study them and look at all of these issues and let's do it jointly with the planning commission so we make sure that we're really being thoughtful and thorough.

Francesconi: How is this council going to have input in the elephant in the room, that is the projects?

Wilson: The projects?

Francesconi: Yeah.

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Wilson: As with all the taxing jurisdictions, we ask your opinion, we ask your input, and then we as a commission have that authority to make that decision. So we don't make them in isolation, but we make them hearing all the partners, looking at all the plans and priorities, and then come up and do the best job we can to make those decisions. Because that is the authority of the Portland development commission has, is to approve the projects.

Francesconi: It's going to be more important --

Katz: Commissioner, if and when you become mayor, you'll help make those decisions. [laughter] let's move on. Let's move on to item 137.

*******:** Thank you very much for your time, for your patience. We appreciate it. Look forward to seeing you next week.

Item 137.

Katz: Go ahead.

Jennifer Sims, Financial Planning: Jennifer sims, financial planning of the this is one of three budget actions we bring to you each year this is the winter bump and minor supplemental.

Jordan Epstein, Financial Planning: Jordan epstein, financial planning. There are two exhibits in the -- in this ordinance. One is what we call the bump adjustments. Those are adjustments to funds where there's no net increase to the fund. And the other is the minor supplemental budget, funds where there is a net increase to the fund. These adjustments result from reports the bureau give us based on actions through accounting period six. Just so you know where this stuff is coming from. And in the report that we do, that we also include, you were given a memo that includes budget notes. There were reports on budget notes and the adjustments funds we're making.

Katz: Why don't you identify the large adjustment issue.

Epstein: I'm going to, yeah. Well, I think the general fund is probably of interest. And i'll go through that one. The net change to the general fund was a decrease of 19,000-plus. So it was in -- it was not in the minor supplemental budget. But within that, there were a number of changes. We did a true up for general fund overhead based on last year's actual costs. The result was the general fund went up 370. That money was put in contingency. We received more than \$5.6 million in new grants into the general fund. One was a section 8 loan that's being passed to the housing authority for use in columbia villa. We got two grants, one for fire bureau. These are from the office of domestic preparedness. Equipment grants. Fire bureau received more than 1.1 million. Police bureau, more than 1 million. So it sounds like we got a lot of revenue into the general fund, but we did make a reduction in 6.3 million in business license revenue. We had to do that because of accounting changes based on generally accepted accounting principles. We can no longer count these -- we were budgeting a large amount for refunds as expenditures, and we were not allowed to do that anymore, so we're reducing business license revenue by 6.3 million. We're reducing what we were budgeting as expenditures for refunds by 6.3 million. Those are the big changes in the resource side. On the requirement side on the general fund, besides all the grant money that we appropriated, we received -- we have some noncity resources, the net of were about 202,000. We also made a change related to the money we were paying for schools, that the council committed to back in the fall. In the fall bump, back in november, we transferred about 4.3 million to the business license surcharge fund. In this bump we're adding about 790,000 to that, transferring that to the surcharge fund. The total is 5.1 million. That's being budgeted and transferred to schools through the surcharge fund. We're getting the 790,000 by reducing general fund transfers to the transportation fund information technology and the emergency communications fund. The reason we are able to do reduce those transfers is because of pers savings. So there's several different things going on. Those were the major changes in the general fund. In the other funds in the city, changes were very minor in the minor supplemental budget, the transportation fund had a net

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increase of \$768,000. I'm trying to see what that was for. Mostly it increased its estimate of miscellaneous revenues by 1.4 million. There was reductions. It -- it's general fund transfer reduced by 700,000. That was just talking about with the general fund. And they also received money grants for computer upgrade. Thank you. The other large increase in the fund was the sewer fund which went up about 1.1 million, mostly because of increases from the state revolving loan fund. That was something that was approved back in the fall, and that fund is now transferring money to sewers. The money's going to be used for sewer extension projects and the chlorine conversion project treatment plant and revegetation projects. Those are the main changes, main large changes.

Katz: Jennifer, did you want to --

Sims: No. Thank you.

Katz: Anybody else have questions? Anybody want to testify? My only request is that you don't spend any money between now and the time that we put the budget to bed, because there are holes in some budgets that we need to resolve. All right? Roll call.

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

Katz: Mayor votes aye. [gavel pounded] all right, we're now on our regular agenda. Item 145.
Item 145.

Sten: John is a terrific new appointee, he too stayed until 12:40 and had to leave. I'll offer an invitation for him to talk about his plans, but he will be terrific.

Katz: Why don't you do that. Anybody want to testify? If not, roll call.

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

Katz: Mayor votes aye. 146. [gavel pounding] come on up. You've been waiting for this for a long time, haven't you?

Item 146.

Ken Rust, Bureau of Financial Planning: Oh, yeah. Good afternoon, mayor, members of council. Ken rust, director of bureau of financial services. The ordinance in front of you this afternoon does a couple of things. One, it doesn't some housekeeping lang wang changes that more correctly reflects my particular bureau and the responsibilities, but more importantly it addresses a budget note in the current adopted budget dealing with the need to have stronger accounting and financial controls over city financial operations and establishes the role of a controller. It also responds to the management letter finding made by kpmg, our external auditor of record a year ago, that expend these were areas of financial weakness the city should be addressing. As i've discussed with you in briefings, we've gone through a process of looking at our operation. We've compared it with other cities that we've surveyed. We've learned that we're not the best practice that we have room to improve, we've involved the accounting staff throughout the city in this review, and believe that the code changes in front of you this afternoon will put us in a much better position to both address the budget note and also to put us in a stronger position financially to ensure that issues that we've had in the past won't be repeated in the future. So I ask for your support and be happy to answer questions.

Katz: Thank you. Anybody else want to testify? Questions. Good work.

Rust: Thank you.

Katz: Passes to second. 147.

Item 147.

Katz: Anybody want to testify on this? If not, roll call.

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

Katz: Mayor votes aye. [gavel pounded] 148.

Item 148.

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Katz: Anybody want to testify to that? It's a practice we don't usually do, but it's probably worth proceeding. Roll call.

Francesconi: Thank you for saying that, mayor. We really had no options with this arson. And we did it in such a way to actually improve the community center at hillside, which is really important to northwest Portland. I'd like to thank the citizens who spent a lot of time improving the architect's -- or making sure we were true to the architect's design. Thank you for all your efforts. Aye.

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

Katz: Mayor votes aye. [gavel pounded] 149.

Item 149.

Stacy Bluhm, Project Manager, Portland Office of Transportation: Good afternoon. My name is stacy bluhm. I'm a project manager with the Portland office of transportation. I'm here today to ask that you approve an agreement between pdot, north macadam investors and our river campus investors for street improvements and utility improvements in the south waterfront district. As you may recall, on august 15 of last year, city council approved the south waterfront central district project development agreement between the p.d.c. and ohsu, and block 39. That development agreement outlined the implementation of infrastructure improvements needed in the south waterfront district to facilitate the development of the mixed-use neighborhood. Well, this original development agreement stipulated that p.d.c. was responsible for causing the construction of and paying for the north/south street and utility improvements in the district while r.c.i. and n.m.i. were responsible for the east/west improvements. And although that was the original basis for establishing the financial obligations of the various parties, it was clear that we would need to find a more cost-efficient means of dividing those responsibilities for the actual design and construction of those improvements. As such, the parties to the development agreement have executed an amendment that modifies the construction and funding obligations of the city without modifying the total amount of financial commitment of the parties. Under this revised proposal, the city will package their portion of the work into a public contract that will be opened -- opened to all for bidding. The city will manage this contract through close coordination with the developer partners. Under this new agreement, r.c.i. and n.m.i.'s obligations will consist of demolition of the existing streets, placement and compaction of the fill material to at proved grade, installation of the waterline, sanitary and sewer lines, plus at vaults, manholes, fire hydrants, etc., and construction of the private streets. Meanwhile pdot will be obligated to install the aggregate base and asphalt for the streets themselves, the secret intersections and curb, the stormwater inlets and leads, temporary asphalt walkways and driveway connections, street light, conduit and wire and temporary lighting, trench conduit and vaults for the private utilities. We feel that this division of responsibilities is more cost efficient, and will allow the city to provide a public contract that is open for public bidding and allows for participation. So we hope that you would approve this agreement that we put before you and if you have any questions i've got jim van dyke with the attorney's office and jim blackstone from p.d.c. with me to answer any questions.

Katz: Ok, thank you. Questions by the council? Jim, did you need to add anything?

*******:** No. Thank you, mayor.

Katz: I know you don't want to, but did you -- the question was, did you need to?

*******:** I don't believe so.

Francesconi: Stacy did such a terrific job.

Katz: She did. Every detail.

Bluhm: More than you wanted to hear, I just know it.

Katz: Thank you. Roll call.

Francesconi: Actually this is terrific. We can't have any jobs or housing in south waterfront without streets. And so it's a very important that we move on this. We appreciate the cooperation

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with p.d.c. There's a great relationship between pdot and p.d.c. This does make more sense to proceed in this fashion. We're doing it in such a way that it doesn't change the total amount that the city is funding in this development agreement. It's just reallocating it more efficiently. The other point I want to make is in talking with a lot of folks, there's a perception that we need to use the construction of south waterfront to provide bidding opportunities for all of our companies, so that they can participate and make some money and create some jobs. There's a perception sometimes that we don't do it. By doing it this way, we're guaranteeing more of an open process. So thank you all for your work on this. Aye.

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

Katz: Mayor votes aye. Thank you. [gavel pounding] s-150.

Item 150.

Katz: Harry, before we vote on it, we have acted on every amendment that everybody acted on or placed on the table for us to act on last week.

Harry Auerbach, Sr. Deputy City Attorney: Ok.

Katz: Ok? All right. Roll call.

Francesconi: Just briefly, I have two histories or sets of experiences that I bring to voting on this particular ordinance. One is, you know, I did organize in the neighborhoods primarily in northeast when we were trying to close down drug houses. It was actually that effort with the Portland organizing project that led to the nuisance ordinance that we talked a lot about here and this is an attempt to strengthen. So i've been there trying to take down license plates and create the logs that this ordinance talks about. And it is very important that neighbors be given the tools, not only to deal with nuisances, but a sense of empowerment in their neighborhoods that they can make a difference to make their neighborhoods better. The second experience is since i've been on the council i've walked 23 different neighborhood business districts, and i've seen firsthand the main streets, and how they anchor many of our neighborhoods, including having grocery stores, restaurants, taverns, that are a vital part of the vitality of our neighborhoods. So it's also important that these businesses can make it and survive in an incredibly, much more competitive, difficult situation. These business owners invest their money, mortgage their houses and businesses. The last thing you want to do is inhibit them from being able to make it. With unnecessary regulations. As I look at this, the history of this ordinance, and the listening done by commissioner Leonard and his staff, and the care at which not only the ordinance and the exhibits, a and b, were drafted. I have to tell you, and i've already told commissioner Leonard, this is a very good work product that's spent a lot of time and effort on striking that balance where you give neighborhood tools, but careful that it's not abused by just a few neighbors to close taverns they don't want nearby, or conveniences. Once we made the amendments to make sure the investigation included the police, and had more rigor to the investigatory process, and then when we also tightened the definition of nuisance activity to exclude some noise that I think would have constitutionally challenged it, or legislatively challenged, and once we also put in the incentive of the -- I forgot the name of it -- the neighborhood -- help me out here. The good neighbor policy. Whatever it is, it's not the --

Leonard: All I can think of is urban renewal district, so I can't --

Francesconi: No. [laughter] it's where if people bought -- grocery stores can enter into a voluntary program where, they're going to have a higher standard than this nuisance, then this ordinance doesn't kick in, so there's a carrot to encourage people to participate. You know, that's terrific. So a lot of the good -- 95% of the --

Katz: Responsible vendor program.

Francesconi: That's it, the responsible vendor program, but we've modified for it a local version. I hope that the restaurant association will choose -- are the restaurants will choose to get into this program, too. I think that that would be a good voluntary approach to supplementing it. But I think

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we must face the reality that the olcc doesn't have the resources to adequately do this, and this is a narrow tool that can be used by responsible neighborhoods to make our neighborhoods better and so we should give it a shot. It's the right thing to do. Now I also appreciate that we're going to review this thing in a year. And i'm very comfortable that commissioner leonard will personally make sure that this thing's working. If it's abused by either side, then we're going to get rid of it. I'm confident that that won't happen. Aye.

Leonard: Well, before I say what I was going to begin saying, I want to make sure it's real clear on the record that the restaurants wanted to be part of the responsible vendor program, at least one other member of the council agreed with me, that we were going to too far to lose the point of the ordinance and we couldn't allow that to happen. Having said that, in the analysis in the next year, I have promised them, and have made it clear to the council, that we're open to looking at whatever needs to be done to maintain balance in this ordinance. So I just didn't want to send a confusing message to the restaurants by not responding to that. This is a powerful tool that has evolved through really an intensive process in the last year, which now also closes the loop on the crime prevention specialist redefinition position, which was precisely done in order to be able to fully utilize what we wanted to do in this ordinance. And I think now that that whole picture has been painted, to use an analogy used here earlier today, that neighbors will see that what we've created isn't just verbiage, but actual people who work for the city with authority and tools to deal with misbehaving establishments. Having said that, I couldn't agree with commissioner Francesconi more, that we don't want to imbalance the relationships between neighbors and businesses to the extent that this ordinance is misused. I'm committed to that not happening. What I am committed to have happen is balance to be created, because I do think there is a misbalance, but it's the other way right now, from not legitimate businesses, but businesses that are able to escape enforcement by the olcc currently because of the olcc's lack of resources. So I want to just -- would be a mistake for me not to acknowledge the work of the office of neighborhood involvement, brent canode and art, who's out here in the audience, and everybody that was -- you know, by naming some people, you miss others, and of course that's -- that -- I don't mean to not include everybody, but the neighborhoods have been on this issue wonderful to work with. The business community that I worked with, particularly the off premise licensed businesses, which are the grocery stores, were very collaborative, and this is the result of I think the entire community work together. And I look forward to its judicious administration. Aye.

Saltzman: Well, I think this ordinance really is about local control. And clearly the state legislature, in my reading of the relevant sections of the Oregon revised statutes, that has given us the authority to adopt reasonable time, place and manner regulations of the nuisance aspects of these establishments, of establishments that serve alcohol or sell alcohol. And I think that commissioner leonard and others have come up with a responsible approach, and I think it will not be abused by a few. I think it will allow us to deal with some nuisances that we don't otherwise have the tools in place to deal with right now. And I do think that the olcc, for a variety of reasons, one certainly is its budget, two is its -- the sense I got from when we had the executive director testify here, is that there is always sort of a fear of either we can't deal with a particular licensee issue because it's just not within our legislative scope, or we're concerned about the larger precedent a decision might carry. And for all those three reasons, they appear all too often to my mind, and to many of us in Portland, hamstrung in their ability to deal with local problems. So that's why this is a local control issue and we need to step up with people who work for city government, along with citizens, and the vendors and the owners of these establishments to make this work, to keep the city a livable place. So I think you've come up with a responsible ordinance and I believe my only regret is that it probably will be maybe less than a year before many of the powerful lobbyists who testified before us will be at work here, and I notice we have marge kafoury, our government

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relations person sitting in this room, because i'm quite confident that perhaps they will not challenge us in the courts because they see the convening of the legislature as a more direct avenue.

[laughter] my only regret. Aye.

Sten: I just want to say I appreciate all the hard work that's gone into this from commissioner leonard and all the folks. I was not able to attend all the meetings and meet with both sides, so i'm going to abstain from voting.

Katz: Can he abstain?

Sten: I just did.

Katz: Wait a minute, wait a minute. Hold it.

Auerbach: Yeah, he can do that. You've got enough votes to pass it.

Katz: Well, I know, but -- all right, we'll need to review that --

Sten: I've done it before.

Francesconi: Another option for us.

Katz: No. That's exactly the reason. [laughter]

Leonard: How far back can we reconsider?

Katz: Why don't you do me a favor and just walk out? [laughter]

Katz: All right. Let me be very clear. The Oregon legislature took our local control away from us, and the same people that came to testify against this ordinance will be back, commissioner Saltzman, will be back to the Oregon legislature, and probably will take the local control away from us even further. So politically we're just holding our breath. Now i'm torn about this. On one hand, it's not strong enough. On the other hand, if it was strong enough, it possibly could be abused, especially since the number of vendors that we're talking about are relatively small. And when i'm torn in casting a vote, I really think about what's the best for the community. And what's best for the community is supporting this ordinance and thanking commissioner leonard and his staff and everybody that worked on it, thanking them for the hard work that they put in to making this possible. I would be looking forward -- I will not be here with you, but I will be watching and listening to you in a year, to see if this thing works or not. And come back and maybe lobby you to make it stronger or weaker. Aye. [gavel pounded] all right. 151.

Item 151.

Saltzman: I realize it's late, and i'll be quick on this. You heard earlier this morning about the c.s.o. project. We're doing a lot of our work and the project is headquartered on terminal one north of the fremont bridge. It's about 14 acres of land, 3 1/2 acres of dock. We are -- when we first started there in 2002, we signed a lease agreement with the port of Portland. At that time we also discussed our interest, perhaps, in purchasing the site towards the end of the lease negotiations because as it turns out we will practically have almost bought the site with the lease payments we're paying over the five years of the lease. So the port and the bureau of environmental services, dean marriott, have been in discussions ever since, and we're here today with a purchase and sale agreement to purchase this property for a little over \$5 million. As I said, we will have, by the end of this lease, we will have paid a little over \$3 million. So for an additional \$3 million we can bring this property into city ownership. It's industrial property. And we may also have use for it on our east side pipe construction. So again we'd be in the situation of perhaps even leasing it longer and buying it. So the entire site we predict will be available for reuse by sometime between 2008 and 2011. We will work with the p.d.c. and the planning bureau as time gets closer to be sure that the best use of that property is accomplished. And if the property is sold after that time, that the benefits will accrue to sewer ratepayers. So -- oh, on a logistical note, I need to make one amendment to section one, number six of the ordinance, we put in the wrong fiscal year. It needs to read fiscal year 2003-2004. Instead of fiscal year 2002-03.

Katz: All right.

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Saltzman: Dean marriott handled the negotiations, he's here to answer questions.

Katz: Is that a motion?

Saltzman: Yes, I make that motion.

Katz: Do I hear a second?

Francesconi: Second.

Katz: Any objections? Hearing none[gavel pounding]

Saltzman: We feel this is a good deal for the city, good deal for rate payers and keeps industrial land industrial for the near future.

Katz: Good. Thank you. all right, anybody - - there's nobody here. All right, questions?

Francesconi: We had the industrial land study that p.d.c. did. Was this part of that identified as industrial land?

Saltzman: It should have been. I mean, it certainly is industrial property.

Francesconi: Well, i'm just wondering if -- this is good. So it's not on this, but i'm wondering if BES and PDC should start talking right now, because that time happens sooner than later so that we start having a plan, because it takes awhile to utilize the land. That would be a terrific benefit, you know.

Saltzman: Ok.

Katz: Let's do that, and make sure -- I don't know what the condition -- whether there are wetlands involved or not. I don't know that particular -- I don't recall what the document says about that particular site, but we ought to take a look at it anyway. Ok, roll call.

Francesconi: Sounds like a very good business decision. Aye.

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

Katz: Mayor votes aye. 152. [gavel pounding]

Item 152.

Katz: Roll call.

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

Katz: Mayor votes aye. We have no other business before this council. There will be no council hearing tonight. We stand adjourned. [gavel pounding]

At 1:36 p.m., Council adjourned.