



CITY OF  
**PORTLAND, OREGON**

OFFICIAL  
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **19TH DAY OF MAY, 2004** AT 9:30 A.M.

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

Commissioners Francesconi and Sten arrived at 9:30 a.m.  
 Commissioner Saltzman arrived at 9:31 a.m.  
 Commissioner Leonard arrived at 9:32 a.m.

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

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

<b>COMMUNICATIONS</b>	<b>Disposition:</b>
<b>518</b> Request of Bruce Charles to address Council to propose a resolution regarding the Iraq conflict (Communication)	<b>PLACED ON FILE</b>
<b>519</b> Request of Knotty Clown! to address Council regarding the role of clowns in our society (Communication)	<b>PLACED ON FILE</b>
<b>520</b> Request of Teresa Dulce to address Council regarding public health (Communication)	<b>PLACED ON FILE</b>
<b>521</b> Request of Kohel Haver to address Council regarding Portland natural resource is art (Communication)	<b>PLACED ON FILE</b>
<b>522</b> Request of Merrick Bonneau to address Council regarding criminal violations by officers involved in his case (Communication)	<b>PLACED ON FILE</b>
<b>TIME CERTAINS</b>	
<b>523</b> <b>TIME CERTAIN: 9:30 AM</b> – Authorize rates and charges for water and water-related services by the City for FY July 1, 2004 to June 30, 2005 and fix an effective date (Ordinance introduced by Mayor Katz)	<b>PASSED TO          SECOND READING          MAY 26, 2004          AT 9:30 AM</b>

**May 19, 2004**

<p><b>524</b> Revise sewer and drainage rates and charges in accordance with the FY 2004-2005 Sewer User Rate Study (Ordinance introduced by Mayor Katz; amend Code Chapters 17.35 and 17.36)</p>	<p align="center"><b>PASSED TO SECOND READING MAY 26, 2004 AT 9:30 AM</b></p>
<p><b>525</b> <b>TIME CERTAIN: 10:30 AM</b> - Council to convene as the Budget Committee to approve a budget (Mayor convenes Budget Committee)  (Y-5)</p>	<p align="center"><b>PLACED ON FILE</b></p>
<p align="center"><b>CONSENT AGENDA – NO DISCUSSION</b></p>	
<p><b>526</b> Statement of cash and investments April 8, 2004 through May 5, 2004 (Report; Treasurer)  (Y-5)</p>	<p align="center"><b>PLACED ON FILE</b></p>
<p><b>527</b> Accept a contract with The Halton Company for approximately \$788,692 to furnish replacement backhoes and provide for payment (Purchasing Report )  (Y-5)</p>	<p align="center"><b>ACCEPTED</b></p>
<p><b>528</b> Accept proposal of ThirdWave Corporation for field reporting software for the Police Bureau for the estimated amount of \$525,000 (Purchasing Report -RFP No. 102594)  (Y-5)</p>	<p align="center"><b>ACCEPTED</b></p>
<p><b>529</b> Accept bid of Moore Excavation, Inc. for the West Well Field Pipeline for the total amount of \$1,799,335 (Purchasing Report - Bid No. 102840)  (Y-5)</p>	<p align="center"><b>ACCEPTED</b></p>
<p><b>530</b> Vacate certain portions of NW 6th Avenue and NW Johnson Street, under certain conditions (Ordinance by Order of Council; VAC-10013)</p>	<p align="center"><b>PASSED TO SECOND READING MAY 26, 2004 AT 9:30 AM</b></p>
<p><b>531</b> Vacate a portion of NW Gurney Street south of NW Midway Avenue and north of NW Mills Avenue, under certain conditions (Ordinance by Order of Council; VAC 10017)</p>	<p align="center"><b>PASSED TO SECOND READING MAY 26, 2004 AT 9:30 AM</b></p>
<p align="center"><b>Mayor Vera Katz</b></p>	
<p><b>532</b> Accept contract with ThyssenKrupp Elevator Corporation for the Elevator Cab Upgrades for 5 Smart Park Garages as complete, authorize final payment and release retainage (Report; Contract No. 34470)  (Y-5)</p>	<p align="center"><b>ACCEPTED</b></p>
<p><b>*533</b> Pay claim of Florence Varekamp (Ordinance)  (Y-5)</p>	<p align="center"><b>178407</b></p>
<p><b>*534</b> Designate and assign a portion of City owned property located at 5707 SE 92nd Avenue as public street right-of-way (Ordinance)  (Y-5)</p>	<p align="center"><b>178408</b></p>

**May 19, 2004**

<p><b>*535</b> Authorize the execution of a Stipulated Judgment for easements for the South Airport Trunk Sewer Project and authorize payment (Ordinance) (Y-5)</p>	<p align="center"><b>178409</b></p>
<p><b>*536</b> Authorize an Intergovernmental Agreement with the Portland Development Commission for the Housing Preservation Line of Credit (Ordinance) (Y-5)</p>	<p align="center"><b>178410</b></p>
<p><b>*537</b> Authorize a contract to create an Electronic Field Reporting System (Ordinance) (Y-5)</p>	<p align="center"><b>178411</b></p>
<p><b>*538</b> Amend Intergovernmental Agreement with Oregon Department of Transportation for Red Electric Reconnaissance Study (Ordinance; amend Contract No. 52087) (Y-5)</p>	<p align="center"><b>178412</b></p>
<p><b>*539</b> Authorize acceptance of donation of two parcels of land from Palace Construction Corporation for public trail connection to Springwater Corridor (Ordinance) (Y-5)</p>	<p align="center"><b>178413</b></p>
<p><b>*540</b> Amend contract with Stacy and Witbeck, Inc. to extend asphalt paving limits to include full street width on certain sections of SW Harrison Street in conjunction with construction of the Portland Streetcar RiverPlace Extension Project (Ordinance; amend Contract No. 35163) (Y-5)</p>	<p align="center"><b>178414</b></p>
<p><b>*541</b> Amend agreement with Portland Streetcar, Inc. to provide design services related to the new Willamette Shore Trolley terminus (Ordinance; amend Contract No. 31428) (Y-5)</p>	<p align="center"><b>178415</b></p>
<p><b>*542</b> Authorize an Intergovernmental Agreement with TriMet to exchange \$300,000 in Surface Transportation Program regional funds for Federal Transit Administration rail preventive maintenance funds to implement TravelSmart in the Interstate Corridor (Ordinance) (Y-5)</p>	<p align="center"><b>178416</b></p>
<p><b>543</b> Grant a right-of-way agreement to Sprint Spectrum, LP for three years for mobile telecommunications services and establish terms and conditions (Ordinance)</p>	<p align="center"><b>PASSED TO SECOND READING JUNE 23, 2004 AT 9:30 AM</b></p>
<p><b>*544</b> Authorize the continuance of negotiations for the purchase of a permanent access easement required for the Hayden Island Pump Station and authorize the City Attorney to commence condemnation proceedings, if necessary and obtain early possession (Ordinance) (Y-5)</p>	<p align="center"><b>178417</b></p>
<p><b>*545</b> Amend contract with Transition Projects, Inc. for an additional \$4,793 for a total of \$1,829,122 to purchase essential equipment for the Glisan Street Shelter and provide for payment (Ordinance; amend Contract No. 34901) (Y-5)</p>	<p align="center"><b>178418</b></p>

**May 19, 2004**

<p><b>*546</b> Authorize subrecipient contract with Portland YouthBuilders, Inc. for \$675,000 for a comprehensive youth community service program and provide for payment (Ordinance)  (Y-5)</p>	<p align="center"><b>178419</b></p>
<p><b>*547</b> Amend the Housing Authority of Portland subrecipient contract to change the scope of services, allocate additional funds of \$7,724 for a total of \$480,361 and provide for payment (Ordinance; amend Contract No. 34331)  (Y-5)</p>	<p align="center"><b>178420</b></p>
<p><b>*548</b> Accept a Supportive Housing Program grant from the Office of Community Planning and Development of the U.S. Department of Housing and Urban Development (Ordinance)  (Y-5)</p>	<p align="center"><b>178421</b></p>
<p><b>549</b> Add food waste collection, remove authority for illegal dumping enforcement and make other minor changes to Solid Waste and Recycling Collection (Second Reading Agenda 510; amend Code Chapter 17.102)  (Y-5)</p>	<p align="center"><b>178422</b></p>
<p align="center"><b>REGULAR AGENDA</b></p> <p align="center"><b>Mayor Vera Katz</b></p> <p><b>S-550</b> Direct the Office of Management and Finance to complete a Phase II study of the Bureau of Revenue project in order to produce a comprehensive implementation plan (Resolution)</p>	
<p><b>551</b> Authorize revenue bonds to finance various sewer system projects (Ordinance)</p>	<p align="center"><b>SUBSTITUTE REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</b></p> <p align="center"><b>PASSED TO SECOND READING MAY 26, 2004 AT 9:30 AM</b></p>
<p><b>552</b> Adopt the Gateway Planning Regulations Project Urban Design Concept and Action Charts (Previous Agenda 513)  (Y-5)</p>	<p align="center"><b>36215</b> AS AMENDED</p>
<p><b>553</b> Adopt and implement the Gateway Planning Regulations Project (Second Reading Agenda 514; amend Portland Comprehensive Plan and Outer Southeast Community Plan; amend Title 33)  (Y-5)</p>	<p align="center"><b>178423</b> AS AMENDED</p>
<p><b>554</b> Improve connectivity in the East Corridor Plan District (Second Reading Agenda 515; add Code Section 17.88.080)  (Y-5)</p>	<p align="center"><b>178424</b></p>

At 12:18 p.m., Council recessed.

**May 19, 2004**

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **19TH DAY OF MAY, 2004** AT 6:00 P.M.

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

Commissioners Francesconi and Sten arrived at 6:01 p.m.  
Commissioner Saltzman arrived at 6:03 p.m.  
Commissioner Leonard arrived at 6:05 p.m.

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

<p><b>555</b>    <b>TIME CERTAIN: 6:00 PM</b> – Adopt the Conceptual Design Report-Final Supplement for the Portland Mall Revitalization Project (Resolution introduced by Mayor Katz)</p> <p>(Y-5)</p>	<p><b>Disposition:</b></p> <p><b>36216</b></p>
---	--

At 7:41 p.m., Council recessed.

GARY BLACKMER  
Auditor of the City of Portland

By Karla Moore-Love  
Clerk of the Council

**May 20, 2004**

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,  
OREGON WAS HELD THIS **20TH DAY OF MAY, 2004** AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Kathryn  
Beaumont, Senior Deputy City Attorney; and Officer Anthony Merrill, Sergeant at  
Arms.

<b>556</b> <b>TIME CERTAIN: 2:00 PM</b> - Amend Title 33, Planning and Zoning to clarify and improve readability without changing policy or intent of the original regulations (Ordinance introduced by Mayor Katz; amend Title 33)	<b>Disposition:</b> <b>CONTINUED TO</b> <b>JUNE 2, 2004</b> <b>AT 2:00 PM</b> <b>TIME CERTAIN</b>
<b>*557</b> Amend Title 33, Planning and Zoning, to implement the South Waterfront Plan and clarify the development regulations without changing the original policy or intent (Ordinance introduced by Mayor Katz; amend Title 33)  Y-4	<b>178425</b>

At 3:45 p.m., Council adjourned.

GARY BLACKMER  
Auditor of the City of Portland

By Susan Parsons  
Acting Clerk of the Council

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

**May 19, 2004**  
**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.

**MAY 19, 2004            9:30 AM**

**Katz:** Good morning everybody. The council will please come to order, karla please call the roll.  
[roll taken]

**Katz:** Katz is present. We'll sit and wait. I've tried this now hoping it would work, doesn't work.

**Francesconi:** Where's everybody?

**Katz:** We're waiting for you guys, we're just starting.

**Francesconi:** I've been here since 7 o'clock.

**Katz:** Good morning. Okay we have a quorum. Let's start with communications 518.

**Item 518.**

**Katz:** Okay bruce are you here? Come on up you have 3 minutes.

**\*\*\*\*\*:** thank you. I just wanted to read the text to this resolution.

**Katz:** Identify yourself just for the record.

**Bruce Charles:** Bruce charles portland resident. And this is the text of this resolution. The portland city council acting on behalf of the people of portland urges the united states government to relinquish military and civil control of the country of iraq. To an interim force under the direction of the united nations. Cognoscente of the growing cost in human life to the citizens we are charged to protect we support the withdraw of military forces of the united states from the sovereign country of iraq. Acknowledging the misrepresentations used by the government of the untied states to justify the invasion of the sovereign country of iraq we the undersigned members of the portland city council conscious of our oath to the people of the city of portland endorse the text of this resolution. And I just want to say I think it's a second bite at the apple to do what I believe is the right thing and stop the growing losses and you all just faced an election. There's no reason why this accountability that you had to deal with shouldn't be faced on a national level and the city of portland has the right to protect its citizens and demand accountability of those that misrepresented this war. Portland did not declare war on iraq, Washington did. And I think it's a good time for you to reestablish your reputations as representatives of the city and the young people of the city. Thank you.

**Katz:** Thank you. 519.

**Item 519.**

**\*\*\*\*\*:** Madame Mayor –

**Katz:** Would you identify yourself.

**Knotty Klown!:** Knotty Klown!, portland Oregon.

**Katz:** Grab the other mic because your voice isn't carrying.

**Klown!:** This one, is that better. I'd like to thank you for the opportunity to yourselves and future administrations as well. I'd like to talk to you about clowns. The earliest roots of the clown were as a foil to tyranny. He was an actor satirizing oppressive state policy in roman saturnalia. Out of this the modern clown was born. A laughter in its basis form is a genetically engrained behavior that we use to chastise members of the pack who are failing to conform. It informs us that we stepped outside the limits of acceptable behavior and are in danger of being driven out of our community. It's why humiliation haunts and terrifies us. We live in a society obsessed with taboo.

**May 19, 2004**

Whether we realize it or not taboo governs and drives the majority of our actions. It is also the means by which we as individuals are controlled. Through the media, government and industry constantly make war with our self conscious. Our taboos are sorted, manipulated, reinforced and finally exploited by those who would control us. It is through the process of taboo that society progresses. It gives control to those who hold power and power to those who control it. It's the driving force of our society and it is the job of the clown to oppose this. He exists to destroy these conventions. He stands apart from polite society and gives us someone to laugh at. This shared laughter gives us unit and strength. He represents our failings but in his own triumphs proves our taboos to have been unfounded and cures us of them. This is his job his noble calling. And while his art form as been belittled and defiled by well meaning soccer mom's and ministers to the point where he's seen as little more than a surrogate television mall opener or overpriced babysitter for the children's of parents with too much money and too little time, you as those who hold power over us can only benefit in the function in the lessen he teaches. He is here to shine light in our dark places and make unpleasant noises. To give us strength and unity where other people would have us cower and weep. It is his job to confound and irritate the tyrannical by removing the tools by which they control us. And now your illustrious selves have taken up the reigns of civil responsibility. In doing so you've placed yourself in front of his warped and magnificent mirror. There's nothing funny without some pain in it. So the question becomes will you choose to laugh with the clowns or be the butt of their joke. I believe that all of you all of your careers in the public eye will be permanently influenced by this decision you make in this regard. But what do I know, I'm just a clown. Thank you very much.

**Katz:** Thank you. All right 520.

**Franesconi:** That was nice. Very nice.

**Katz:** [gavel pounding] For those who haven't been here before if you agree with what you hear, thank you. 520.

**Item 520.**

**Katz:** Come on up. Identify yourself for the record.

**Teresa Dulce:** Teresa Dulce. Portland Oregon. If a woman is willing to work, give her a job. I met a man in a club of a strip, of a strip club. I met a man who worked the rigs of oil with his hands. I met a man in a club of a strip, of a strip club I met a man in Scotland. In a bar you danced on. I met a man in a club of a strip of a strip club, I met a man and he told me and he told me if a man is willing to work give him a job. I met a man in a club of a strip and he told me to call my momma often. I met a man in a club of a strip, of a strip club, I met a man and he told me and he told me color wasn't a thing not when you work man to man to man for the umm on the same oil rig. Not when your work could kill you. Color wasn't a thing not when labor came from every pie on the chart all those country tongues and accents working man to man to man hand to hand. I met a man in a club of a strip of a strip of a strip club I met a man and he told me he told me color wasn't a thing when it was you against the oil. Oil up grease down wet back where did my day go take back the night someone could go bump into the night don't forget to throw the baby out with the bath water don't forget to toss the vowels. A, e, i, o, u, I want to up the u back in eugenics. I want to put the u back in me. I want to take it higher and I thank god for what he's given me and I thank god for my vessel and I thank god and I can say oh god damn it with latex if you feel the cross pollination hybrid half breed fusion mixture. No Virginia there's no such thing as purity. And I thank god, yes. Gods been good to me, than again I've been good to god. Is that the vast differens of the great divide from the gap to the wide card wild child. If a woman is willing to work, give her a job. Thank you.

**Katz:** Thank you.

**Leonard:** Mayor, can we give her another 3 minutes. Please. [laughter]

**Katz:** Okay. She can come back this is her second trip here. [laughter] We can have repeat



May 19, 2004

performances. Okay 521.

**Item 521.**

**Moore:** There not here.

**Katz:** There not here. All right 522.

**Item 522.**

**\*\*\*\*\*:** Good morning, council members. I was here last week to discuss you regarding the criminal violations committed by officers James Bacon and Brad Clifton in my case.

**Moore:** Could you identify yourself?

**Merrick Bonneau:** Yes. My name is Merrick Bonneau. I'm a citizen of Portland. I was born here. I would like to hand these out again if you wouldn't mind. I'm handing out what I handed last week, which was my custody report. The ticket involved in my arrest and my arrest record. I've already went over with you the fact that the officers falsely put a false -- basically gave me a false arrest record. Put assault on my record, gave me an alias, put that I have a special indicator of resist arrest, even though this is the first time I was ever arrested. The custody report also falsely shows that I'm a six-foot, 180-pound white individual. It shows that I was arrested for resist arrest, not assault. Shows that I did not assault the officers, that there were no complaints or evidence of injury, which is completely false, and I have pictures that prove that. The name on the ticket says Brad Clifton, but if you look at the handwriting, James Bacon wrote the ticket, so obviously they conspired together. They also say that there's no additional charges, so them putting a charge of assault on my record is false, and is a criminal act. I would like these officers to be held accountable for their criminal actions. That goes for all of you, having the ability to do something about this. I have a criminal record for nothing. What if it were one of your sons who were given a criminal record? Huh? Erik Sten, my brother, Travis, went to high school with you. You both went to grant together. What is going to be done about this? I have a criminal arrest record. I've never been committed -- never committed a crime, never been prosecuted for a crime, never been found guilty of a crime, but in the eyes of any officer whoever pulls me over in the future, I'm a criminal. I may assault an individual and I'm a liar about who I am. These officers should be held accountable for their actions. Potential mayor Jim Francesconi, because you're running for office, you said recently that if you would win the mayoral election and become our mayor, that you would -- it was your duty to uphold all the laws. Well, it is the again for an officer to give somebody a false record. What would you do to hold this up? What would you do to make amends of this?

**Katz:** Thank you.

**Bonneau:** For your information, I apologize for interrupting, I will come back every week for this city council hearing until somebody speaks with me on this matter, and I get resolution.

**Katz:** Thank you.

**Bonneau:** Thank you.

**Katz:** All right. Consent calendar. Any items to be removed off the consent calendar? It's rather long. Anybody in the audience wanting to remove an item off the consent calendar? If not, roll call on the consent calendar.

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

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

**Francesconi:** Before we move on, if I could take one minute of personal privilege. There is one among us who we should congratulate today, who was re-elected to the city council. I'd like to congratulate commissioner Leonard.

**Leonard:** Thank you.

**Katz:** Thank you. I want to share with the two of you, I was listening to one of the radio stations, and they went out on the street and asked, what would you do if you were the mayor, and what are the expectations. I want to share it with both of you. One is to reduce gas prices, and the other is to end the recession. So you've got a huge charge ahead of you.

May 19, 2004

**Francesconi:** I heard of a third one. To buy more doughnuts at voodoo doughnuts.

**Katz:** Ok. Now that we gave a plug, let's go to time certain. Let's read 523 and 524.

**Item 523 and 524.**

**Katz:** Why don't we bring the staff up. Before we do, I want to share with the community, and there's a large community here that I think is going to testify, that none of us on the council want to see the rates continually going up, and we pushed back and reduced the rates that were proposed to us originally, and proposed to me, and pushed back the second time. What you see is the final rate. Having said that, we also have the responsibility to clean up the willamette river, and we must do it because -- not only because it's a federal mandate, but because it's right thing to do. And we have the responsibility to maintain an infrastructure so that pipes don't bust and create havoc here in the city, and other things that both the water bureau and the b.e.s. have a responsibility to do. There's one issue that i've never really been able to get a handle on, and i'm going to keep trying. I hope everybody else does. And mort continues working on it as well, is the less water you use the costs keep going up, and it's counterintuitive, and it's the issue of the fact that there are basic costs -- basic services that need to be maintained. It's hard to explain that, and we ought to be able to do a better job at explaining that. I hope we have an opportunity this morning as we review these to touch on that issue, as well as the fact that there are customers that will be seeing rates going up. I'm going to let the staff to do a report, and then i'm going to ask the purb to come and testify and we'll open it up to the public. Ok.

**Mort Anoushiravani:** Good morning, mayor and council. I'm the director of the Portland water bureau. I have the finance director for the water bureau, and I also have a copy of my presentation for you, and I also have several copies for the audience if they like to follow it through.

**Katz:** Do the members of the audience have this? This is good background.

**Anoushiravani:** Before giving you a little bit more detail about the proposed rates and the budget, i'd like to thank purb for their work and guidance that they provided for us, and they continually ask the tough question for us and challenge us to do a better job in terms of our programs and our rates and affordability issue. Also i'd like to mention that we got a new bond rating a couple of weeks ago and were able to maintain aa-1 bond rating, and i'd like to thank council for their support. As well as of omf and water bureau employees that were able to help us to do that. That will keep the costs of our capital programs lower. The average effective retail rate increase for fiscal year 2004-2005 that was part of the mayor's budget is a modest 5%. And this 5% includes several requests at service level packages that would allow us to basically expand our apprentice program, bringing in qualified people to do the work that we need to maintain our systems, we're going through a massive work force changeover if you will. It does include the c.i.p. package program to deal with our expanding capital program to maintain and expand the system. Also it allows for -- give the funds that we need to operate our groundwater system. And we are ever sensitive to the issue of the rate affordability and what we can do to keep our rates affordable. So what we have proposed and has been included in our budget is the expansion of low-income program. It used to be at 35%, and it's been bumped to 40%. Also we have doubled the size of our -- of our crisis voucher from \$75 to \$150 a year. I'm also happy to report that we have been able, not only to maintain -- actually we have decreased our system development charges that would help with the cost of development in Portland. It has gone down 2.6%, and we maintain one of the lowest water system development charges in the region. In fact, there is a little table at the back of the handout that i've shared with you that compares our system development charges with the rest of the region. So we have tried to keep costs down and also be able to include the work that we need to do to operate the system, as well as deal with the maintenance issues and expanding needs of the water system. Now in terms of what does this rate increase mean to our customer base, typical residential bill will increase by about 80 cents a month, which is less than \$10 a year, and that would go from \$15.91 currently to \$16.71. Also in terms of the business impact, a typical medium commercial, which is like a large

**May 19, 2004**

restaurant or a fairly good-size operation, the cost increase per month is about \$16.50 a month or less than \$200 a year. Also, put that in the larger context of the -- of the total utility burden to our customers, the water bill represents about 5% to a retail residential customer. I have a pie chart that shows that, both in terms of the percentages as well the absolute dollar amount, that shows the water is still the smallest part of the utility burden. In terms of how we have done over the last few years, tried to maintain our rates, over the last six years or so, in constant dollars, we have barely gone about -- above the c.p.i., about 1.3%, and in absolute terms it has been about 3.6 annual average rate increases that are modest amounts, and we've been able to achieve that by cutting our current costs and reallocating those dollars, if you will, as well as looking for efficiencies. In terms of also comparing our rates to the regional utilities, I have a table that shows both the water and the sewer rates. And if you look at the water side of things, the water rates in Portland, for a single residential remains, one of the lowest in the region, and we strive to keep our costs as low as possible. And then as I mentioned, our system development charges have actually gone down by 2.6% for next year, and there's a comparison, for example with city of gresham, they're roughly 50% more than ours. I'll be glad to answer any question that the council has now, or, you know, later, maybe after the purb presentation.

**Katz:** Ok. Are there any questions by the council?

**Francesconi:** I have one. It's back to the question, I don't want to bring it up, but it's the question of the reservoirs, because they're in the rates. And so I don't know kind of where we're going here on this. I didn't bring it up with you ahead of time, but what's the process here?

**Anoushiravani:** Right. What I can talk about that, commissioner, there is some rates provision for that project in the current budget, and in terms of the process itself, obviously the review panel has made a recommendation, and they're going to be coming to the council on June 8 to make a presentation, and eventually commissioner Saltzman and the council have to make a decision about what to do and how to proceed with it. We're not certain at this time what the -- what the price tag is, if you will, for what the council decides to do. There is going to be costs associated with it.

**Katz:** Mort, I think the commissioner asked, what's buried in the rates? Sorry for the pun.

**Anoushiravani:** Oh, ok. It is basically 1.2%, but then again right now we're not certain what the cost is going to be, so we cannot take it out right now, if you will. That would be my recommendation.

**Katz:** All right. I guess I have been watching the hearings, but I can't recall whether they've actually identified the costs for --

**Anoushiravani:** The risk mitigation? No, that hasn't been identified.

**Katz:** Ok.

**Anoushiravani:** Right. That's the reason there's going to be costs associated with it. We're not exactly sure what that cost is going to be.

**Francesconi:** Ok. So it not going to be 1.2% rate reduction, but how much is a 1.2% rate reduction for the typical residential bill? How much would of a reduction would it be from the 80 cents?

**Anoushiravani:** 10 or 15 cents more, you know, commissioner, just from the top of my head.

**\*\*\*\*\*:** That's about right.

**Francesconi:** Ok, thanks.

**Anoushiravani:** So you're talking less than \$2 a year, if you will, of rate savings.

**Katz:** Let me ask the other question. If the council decides on the burial, will that number go up?

**Anoushiravani:** No.

**Katz:** No?

**Anoushiravani:** No.

**Katz:** Assuming that risk -- the risk mitigation is a lower costs -- and we don't know that -- you will adjust the rates?

**Anoushiravani:** Yes. We could -- yes.

May 19, 2004

**Katz:** All right.

**Francesconi:** Not could do. You will do.

**Anoushiravani:** Yes.

**Francesconi:** Right, ok.

**Katz:** Further questions by the council? Fine. Gentlemen, why don't you sit back and i'm sure there will be reason to call you. Purb, do you want to -- i'm going to do something a little different today.

We've read both of these items together. They normally would be read separately. I'm going to give people five minutes, and maybe six, so they can address both the water or b.e.s. if you feel there's more than you want to say. Ok? Is that all right with the council? It's only fair, because they would have come up twice. All right, purb, did you want to identify both issues at once?

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

**Katz:** Ok, come on up. And then we'll have -- is b.e.s. Here? Yeah, we'll have them come up.

**Marty Wilson, Portland Utilities Review Board:** Thanks. My name is marty wilson, i'm representing the purb, Portland utilities review board here today. My purpose in being here is to provide oral testimony on utility rates. I'm going to cover water, sewer, solid waste. First i'd like to address the proposed rate increase for fiscal year 2004-2005. The purb finds the increases in all three services reasonable. And that is the 5% increase in water, the proposed 5.9% in sewer, and the anticipated in line with inflation increase for solid waste. The office of management and finance, specifically the financial planning division. Without their support purb couldn't do much to be quite honest. So we appreciate and recognize this cooperation and this support that has been given us. I'd like to now move into the area of concerns. The purb does have serious concerns. Those concerns relate primarily to the four major capital improvement projects. These projects are namely the combined sewer overflow, maybe better known as the big pipe. The area of water treatment. Third the covered reservoirs, but maybe I should say reservoirs. And fourth, as the mayor mentioned earlier, the Portland harbor superfund site. Now later on I will address, as far as from the viewpoint of purb recommendations the first two of these concerns. The last two concerns will be addressed later on as information is evolving. So as we have information and our opinion would be timely, we will issue opinions in those last two areas also. With that, i'd like to turn to our recommendations. Regarding the combined sewer overflow, c.s.o., we recognize and we commend b.e.s., bureau of environmental services, for their planned review of that project, which I understand is going to start this summer full from the information we've been given that was primarily -- that is primarily a financial and operational overview, and the idea behind it was to glean lessons learned from a lot of the west side -- now that a lot of the west side is completed, so those lessons learned can be applied to the east side project. We're all for that. However, we'd like to see that independent -- and I stress the words independent review -- expanded to look at all aspects, even aspects that have been looked at before. We're concerned about these long-running projects. They seem to sometimes take on a life of their own. So we'd like to see an emphasis in that on cost controls, design, policy, legal aspects, and also alternatives. Alternative, i'm told, have been -- we're told -- have been looked at before, but in years past we like to see alternatives looked at again.

**Katz:** Excuse me. C.s.o. alternatives?

**Wilson:** C.s.o. Mayor Katz, it could be taking the water off the streets in another way before it gets into the big pipes, so the big pipe can be a smaller pipe. Things of this nature. Our second recommendation has to do with water treatment and the proposed e.p.a. rules for water treatment. It's important to remember they're strictly proposed rules. Portland has been seeking a waiver from these rules, as we believe that our water source is very pristine. We have supported that position and want to aggressively to suggest that the city aggressively continue to seek that waiver. If we don't, it looks like the city's costs will be somewhere in the \$70 million to \$300 million range, a significant expenditure for a city the size of Portland. For what we can see on the purb, science to

**May 19, 2004**

this point isn't conclusive. So we're recommending that you continue to aggressively seek this waiver, and in addition to that we recommend that there be no additional staff hired to work on water treatment. There's a work hour backlog of maintenance items. Purb believes that this maintenance backlog should be eliminated just as soon as possible. We do not believe that additional monies should be incurred in this endeavor. We recommend that monies be found in the additional -- in the existing budget, proposed budget, to accomplish, if not all, certainly much of this backlog reduction effort. Finally, our fourth recommendation has to do with an area we call major project reaffirmations. I mentioned earlier in the cso that long-running projects, years maybe a decade, big-budget projects, hundreds of millions, perhaps billions, tend to take a life of their own. Sometimes in taking that life of their own initial goals, objectives, budgets, schedules, tend to get lost. We believe that all major projects should be reaffirmed or adjusted periodically to council in writing, once again looking at schedule, total cost and goals. So those are the four recommendations that the purb has put together. In our written testimony we also have suggestions and comments. I won't go into those there, but there certainly available, anyone who wants to take a look at them. In closing, i'd like to emphasize one thing. We are the new purb, the new Portland utilities review board. We're a volunteer bunch. We're doing the best we can. It's a heck of a job. You know, there's a lot of tentacles to this thing. The problem is you can't deal with each tentacles separately. There's overlapping as you people know. So what I want to say is this our group, there's nine of us, four are carried over from the old purb who are very valuable, and five totally new members. We have adopted this recommendation and this testimony unanimously by all nine members. I think that's a very important feature, and is an indicator of where we are today. After nine months we have coalesced to a large degree. We know each other now. We do have a process for doing this work. And frankly we're going to take a new look at the process to see if we can do it even better. I think we're in a strong position to move ahead and help the commissioners and the mayor in this important job of major utilities. Thanks.

**Katz:** Thank you.

**Saltzman:** I just wanted to take this opportunity to thank marty wilson and the new members of purb, because they really have worked hard. They usually meet in the lovejoy room next to my office, and I can testify firsthand they've been working late and hard and I think they've produced some very valuable recommendations that we will definitely take into advisement and appreciate their continued diligence. So thanks.

**Katz:** Thank you, marty. Yes, we reconstituted the purb. I didn't promise you a rose garden when we did it, and I warned you it was hard work. I'm glad to here that you have coalesced, and that from the large water users to the small businesses to the consumers you've been able to get to these recommendations. And we will heed your counsel on them. Thank you.

**Wilson:** Thank you.

**Katz:** All right. Let's bring b.e.s. up.

**Katz:** This will go to second reading. We will not be voting on this today. So if you want to come back -- come back, it will be next week. Go ahead.

**Dean Marriott, Director, Bureau of Environmental Services:** Good morning, mayor Katz, members of the council. I'm dean marriott, environmental services director for Portland. With me to my right is dave gooley, our business services director for the bureau. We're here today to talk about the proposed sewer and stormwater charges, and you're getting a copy of my outline handed out to you. There are some for the audience as well. Let me start by just indicating that we are in the midst of the biggest infrastructure investment program in the history of the city. Commissioner Saltzman and I saw it firsthand yesterday up close, 150 feet below the ground. It's quite an undertaking and obviously a very expensive one. It presents a number of challenges that we're going to talk to you about today. Before we embarked on putting this budget together, our five-year financial plan called for rate increases in the neighborhood of 6.5% per year. When we came back

**May 19, 2004**

to you in January to talk about our next five-year financial plan, we were able to trim that to 6.1%. This fee schedule and budget calls for the typical residential bill to increase by 5.9%. So we are very cognizant of the need to continue to exert as much downward pressure as possible on rates. As I mentioned, the average single-family customer in Portland will see their monthly bill increase by about 5.9% next year. This is to help with an operating budget that is now almost \$90 million, and our annual capital program at about \$142 million. So we have enormous programs under way. Our operating budget, however, will increase next year by just about 1%. So I think we're able to, again, focus on cost containment and keeping our costs down. If you set aside the transfer of the endangered species act program from planning to environmental services, there would essentially be no increase in f.t.e.'s to the bureau. We have, however, again, focusing on setting priorities to maintain existing investments that we've made in the infrastructure proposed an increase of about \$600,000 next year in additional sewer cleaning work, maintenance work, repair work to make sure the infrastructure we have is maintained. And we've offset some program costs with other enhancements, such as some investments in the green infrastructure fund and some additional expense in the -- representing the city in the Portland harbor superfund program. I've mentioned our capital program. Our five-year capital program is now \$582 million. The five-year total is increased by about \$40 million from last year. For next year, the big capital projects include about \$94 million on the west side project. The initial investment of about \$5 million on the east side project. And that is -- the east side project will be by far the largest component of the c.s.o. control program. And about \$8 million for some extending sewers to the south airport area. It will provide sewer service to about 230 properties in that area that are currently not served, which will allow them to make substantial investment and continue to grow those businesses in the future. It's something they will find difficult to do today without any -- to do today without any sewer service. These proposed rates -- and plan debt service, call for the -- the debt service now is about \$71 million a year. So you can see we're highly leveraged. We plan to go into the bond market later this year or into next year, requesting another \$150 million worth of revenue bonds. Once we sell those revenue bonds, it will add about \$12 million a year to our annual debt service. Comparing the current and proposed rate schedule, which you have in front of you, there's a variety of changes to be made. You can see the charges increased just under 10% next year. That's a substantial increase. Part of that increase is reflecting the additional costs associated with city's participation in the superfund program for Portland harbor. The bellwether average single-family residential monthly bill, you can see there at 5.9%. I've mentioned that to you. On the commercial side, the sanitary sewer rate will increase by 5.5%, and the industrial extra strength rates will increase in the mid 6% range. The extra strength charges are based on the cost of service principles. If you put additional b.o.d., or suspended solids into the collection system that require additional expenses on the treatment end, you're charged a surcharge for that. That's the industrial strength charge. Other fees, we've talked before about the industrial discharge permit fee. There's about 154 industries in the city that participate in the industrial discharge permit fee program. It's a federally and state-mandated program. In the past, just a few years ago, we only recovered about 1/3 of the cost of delivering that program. That has been increased over time. We now recover about 60% of the costs of that program. This proposal will step that up to a 65% cost recovery. So an incremental step in reaching cost of service. I should mention that in the past o.m.f. and others have recommended that we move to 100% cost recovery. This is a small step in that direction. It would increase the industrial discharge permit fees by roughly 7% next year. We also are proposing to increase the development land use review fees from between 4% and 7.5%, again, trying to get us closer to what it actually costs us to do development review. Our systems development charges will be going up next year. We're proposing they go up in the area of about 10%, both for the sanitary sewer system and the stormwater system development charges. We're still very competitive. The most recent studies shows that we're right in the million dollar of the pack when it comes to where

**May 19, 2004**

we are with systems development charges. Just a couple words about some challenges that we are dealing with on the cost control side. The purb has mentioned in their report. I know it's something we've talked with the council about before, how to maintain our balance on cost control here while we're in the midst of implementing this very substantial program. We're very interested in doing that. Commissioner Saltzman is involved right now in reviewing some policy options regarding the east side tunnel, which is the next big investment we're going to be making. And he's involved right now with weighing some of those choices that you have heard about. The size of the tunnel versus doing stormwater management from the street system and so forth. And we will be bringing those decisions to you shortly many I do want to mention to you that we are doing an independent audit of west side project. The project is not finished. We're just under construction now. It's scheduled for completion in december of 2006. We have promised to you repeatedly that this project will be a very transparent project. All of the costs, all of the schedule issues will be discussed with you on a regular basis, and i'll be back this summer for my semiannual report to council on that. This audit will look at just how we're doing on cost controls and management of the program. We will invite the city auditor's office to participate in that review. We're looking at some other interesting aspects of our program. We're looking now at the possibility of doing a power generation cogen facility at the treatment plant. The treatment plant generates methane. It's a continuous process. We sell some to area businesses for their use. Some is sold on site to generate electricity. We still have excess methane, so we're exploring the possibility of actually entering into a partnership with a private firm to do some electric generation at the plant site. And we'll be reporting to you on that as it unfolds. We're looking forward to getting help and support from other parts of the city on administrative savings. I think that will lead to some future efficiencies. The challenges ahead, obviously managing almost now a \$600 million c.i.p. is a challenge to us. The Portland harbor superfund, he would like to come back sometime this summer and have a council work session on just where we are there. There's some legal issues involved and some choices we have to make over the next few years very important to us all. Then there's the ongoing issue we have with, so who pays for stormwater in this city and since a great deal of the stormwater comes off of the public right-of-way and our streets system, I would be remiss if I didn't mind the council that at some point we'll continue to need to come back and revisit some of our options for how to give the landowners a break on their stormwater management charges if so much of the water, in fact, is coming off the right-of-way. With that, i'm happy to try and respond to any questions you might have of me.

**Katz:** Thank you. Yes, I think it's important to come back on the superfund issue. We're continually placing considerable amount of resources to meet the city's obligation with the responsibility parties, but things have moved a little bit, and i'm not sure that council has been briefed totaled of the impact of those legal issues that you identified. Council have any questions?

**Francesconi:** I guess I have two areas of concern. The first is -- and I brought this up at the work session, but I don't believe now is the time to increase the industrial waste discharge permit fee at all. And I have an amendment here that i'm going to offer that says that it won't be increased for this next year. So I just want to let folks know that I think commissioner Saltzman, you have a more comprehensive approach you would like to take, that's what i've been told, and, you know, I think that makes sense, too. I don't see this as an either/or thing. I guess i'm offering this at this point.

**Marriott:** Commissioner, there's two issues here. One is the industrial waste discharge program, which is, as I mentioned, a required program for us to administer. There are costs associated with that program. If we do not raise those costs through charging the participants of the program, the costs will be borne through the commercial flow rate, and so the rest of the commercial entities in Portland will pay those fees. So we would need to --

**Francesconi:** Yeah. This is the issue all the time, I understand that, but this is going to have such an impact on 150 businesses, it's my understanding, at a time that they're having trouble competing.

**May 19, 2004**

But my other concern is, and this is one that I've also raised consistently, high school this group been involved in looking at your budget and actively been involved on the cost control side? I have a feeling the answer to that is no. That's what's been requested for the past. So that's something that also needs to be done. In the meantime I don't think it should be raised on this group.

**Marriott:** Commissioner, several years ago when we moved from 30%, 33%, up to 60%, you'll recall that the Portland wastewater association, I think they were called at the time, was in here, and they were asking for us to meet with them and report to them, and we did all of that. That organization doesn't exist anymore. But we provided all that information, and we continue to provide all the information to anybody who wants it about what our costs are to deliver the industrial waste discharge program. And we will continue to do that. So I don't think there's any concern on my part, that there should be concern, that people don't know what the costs of the program are. I think they're very transparent.

**Saltzman:** Commissioner Francesconi referred to what we're doing with respect to taking a look at this -- broader look at the industrial waste permit charge program, so I'd like to describe that, and maybe suggest a slight deviation from what your amendment is, and that is one of the issues that has some resonance with me, we have certain categories of our industrial waste dischargers who actually don't discharge anything into our sewer system, but because of the federal clean water act they're required to have a permit because of their code, we're required to do an annual inspection, such like that, so there is a cost to do that. But so that is one category of permit fees, people who actually don't discharge anything. And I've been looking at the question with our staff of what if we just absorb that charge. I mean, that charge would be absorbed by others in our rate structure, but I think that there's some merit, that if you're not putting anything into the system, maybe we should bear the costs of those inspections. That would somewhat address your amendment. The broader picture, though, how do we reduce the impact on the 154 businesses? What we're looking at really is a program -- you know, we're in the process of setting up a food waste composting program throughout the city and right now supermarkets in particular put a lot of stuff down their industrial strength garbage disposals. So we're looking at a program to begin to bring them into the same industrial waste discharge program. The idea being that they will find it more economical ultimately to compost their food waste rather than put it down the disposal and it will have less impact on our sewer system as well. So that's something we plan to do now between now and really the beginning of next year, is to start that discussion with the supermarket industry. If we bring them in, the industrial waste permit program is relatively a fixed cost, so if we bring in more people paying their share of the cost, and I think there's about 40 supermarkets in Portland that would be brought into this program, it's going to lower the cost for the remaining 154 dischargers who are in the program, too. That's what we're looking at to bring relief to industrial waste permit fees, and I'd like to, if you're willing to hold off one week, come back with a modification to that amendment, or we can present the council with two amendments, one that would perhaps exempt the smaller, nonpolluting industrial wasteholders altogether from the charge this year, or we could look at your amendment to --

**Francesconi:** My preferred approach would be to do it for everybody this year, and put these programs in place. This only says it for one year. I mean, if that doesn't work, then the fallback would be your position, which does make sense to me. So I guess I don't want to withdraw -- I'm willing to wait a week.

**Saltzman:** Yeah. That's what I'm suggesting, maybe wait a week.

**Francesconi:** Sure. Be happy to do that.

**Katz:** Ok. If we are going to wait a week and we are -- wait a week and we are shifting it to other users, they need to know that, because they need an opportunity to say a few words, and we need to know what the cost of the shift is going to be. This is like *deja vu*. Didn't we do this a year ago?



**May 19, 2004**

**Marriott:** Yes. We proposed a 10% increase last year. It was reduced to a 5% increase. That's why we came in with a 5% increase this year, again, just trying to move in the direction of cost of service.

**Saltzman:** Yeah, cost recovery, cost of service.

**Marriott:** Let me just say, there may be some confusion here about two different programs. There's an industrial permit fee program, 154 businesses as required by federal law to do that. There's an extra strength program, which depends on the strength of your waste, you're put in that program because you have additional either suspended solids or biochemical oxygen demand that causes us to incur more costs in the treatment side, and you're charged a rate for that based on your strength. I know there's a lot of discussion about the extra strength charges and trying to grow the membership in that club, so to speak, because the more people that are in, you sort of dilute the costs across more people. I think we're waiting to do that for the new billing system and commissioner talked about the -- bringing in the supermarkets for the food waste. That's really an extra strength charge issue. The commissioner has an interesting idea on the nondischargers back under the industrial permit fee program. Some communities do not in fact charge them because they're nondischargers, and those fees are absorbed by the general ratepayer. I'm afraid I'm confusing you, but there's really two different types of industrial dischargers here.

**Francesconi:** Here's the second area, and I'm glad we have another week, because I may bring an amendment on this, too. I didn't have it written down. But it's the issue that the purb said about independent review of cost control, decision-making, alternatives. And so I want to ask you about that. And the reason is, and the purb said it very well. We have four projects combining all at once to create rate shock on top of high rates already. And so can you say more about -- I mean, the idea of having an independent group come in and look at projects and do an outside audit with the idea of cost control, decision-making, alternatives, there is something we need to do. Are we doing it?

**Marriott:** Commissioner, I mentioned that this summer we're doing -- we're having an outside independent audit of just --

**Francesconi:** Who's doing that?

**Marriott:** We haven't selected the -- we haven't selected the --

**Francesconi:** Does that, I heard you say that. That's why I brought it up as a question without any emotion.

**Marriott:** It was always our intent to do that.

**Francesconi:** Is that what the purb is talking about?

**Marriott:** They're talking about that and something more, as I understand it. There talking about both commissioner Saltzman and commissioner Sten and mayor will remember, and actually commissioner Leonard who was serving in a different capacity at that point, the whole comprehensive review we went through in 1999 and 2000 on the city's approach to the combining --

**Francesconi:** That's not what I'm interested in. I'm interested in some outside people doing what Intel did on some of the construction at its facilities. They brought in outside people to actually look at particular projects.

**Marriott:** Right. And we have that. We absolutely have that. We have world-class people on board. We not only have a world-class construction firm, we hired a construction management firm to sit right in our offices with us. They are doing an independent look over the shoulder of the -- of the construction firm every day. So they're part of our team.

**Francesconi:** Ok. So the purb's wrong on making that request?

**Marriott:** No. Commissioner, I think what the purb is suggesting is, with a project 20 years in length, shouldn't you every so often shouldn't you step back and take a look, are you doing the right thing, are you going in the right direction? I don't object to that. As a matter of fact, many of us were involved in that second look back in 1999 and 2000. And you may recall we dealt with the

**May 19, 2004**

legislature, we dealt with the e.q.c., we dealt with the e.p.a., probing, pushing, asking for the ability to look at alternative approaches to cleaning up the willamette. What we were told was you have your assignment, go do it.

**Francesconi:** Got it.

**Saltzman:** Yeah, we did, if you'll recall, in 1999, the clean river plan which looked at a slight modification of our investment schedule and investing more in the stormwater management solutions, and we didn't succeed in persuading the environmental quality commission that that was something to pursue. In fact, just parenthetically, we think our whole effort to revisit that and take a look at perhaps alternative solutions was in many respects the genesis of the environmental protection agency's investigation into our program, which is ongoing today.

**Katz:** Yeah. In addition to the legislature.

**Saltzman:** Yeah.

**Francesconi:** Thank you for clarifying that.

**Katz:** Let me push back a little bit. I recall that I had asked -- I asked mort, and I may have asked you as well, that I was offered by curry and brown -- is that the -- it's a management group that was willing to come in to review a project that you already had done, completed. Does that sound familiar to any of you? Because -- mort, does that -- ok. And to review a project, to see what we could have done differently. It's looking backwards. And then coming back and giving you a recommendation on that.

**Marriott:** Mayor, it's a great idea. We did that a couple years ago. We brought in -- what was the firm that we hired to do that? They worked with the auditor's office. I guess the auditor -- the auditor brought arthur andersen in. We offered a couple of major capital projects, contracts, and they did an entire review from start to finish.

**Francesconi:** Who did? Excuse me.

**Marriott:** The city auditor and arthur andersen.

**Francesconi:** I don't think the mayor and I are talking about arthur andersen. We're talking about a construction company who comes in and looks after the fact, to give us advice, could we do a project cheaper? That's what i'm interested in. Are this some lessons to learn here?

**Katz:** In other words, how did you bid it?

**Saltzman:** That's what we're doing right now with the west side, this summer.

**Marriott:** Right.

**Saltzman:** But we're not done with it.

**Marriott:** Right.

**Francesconi:** I need to educate myself on this over this next week and that's what i'm going to do.

**Katz:** Mort, did you do that? I think it the same company who worked with intel who offered to help. I'm sure that at some point they might be looking for a contract, but at least initially they offered -- it was pro bono.

**Anoushiravani:** Right. I think what we're talking about, mayor, there are several different levels of auditing. Some of the things that we discussed last year, it was dealing basically with the value engineering, meaning that once you have a project, once it's been formulated, once you sort of done like 40-50% design, and then you will engage an independent consultant, if you will, to look at what you're proposing to do, how you're proposing to do it, and can you do it slightly differently and reducing costs. And what i'm hearing commissioner Francesconi promoting for is do we want to do a sort of after the fact, see what we have learned when we have conducted large, massive projects, in terms of the bidding, designing, the project structure and the controls. In terms of the water bureau we have engaged basically independent firms to look at value engineering, to make sure what we're proposing to do. It's really, you know, different than what we were thinking about doing, still reaching the same goal and objectives, if you will.

**May 19, 2004**

**Katz:** Ok. Commissioner, you may want to -- because I think what I hear is different -- different levels of this. So come on back next week and bring something, because I think this is an issue. Now back to the industrial. Thanks, mort.

**Anoushirvani:** Ok.

**Katz:** I recall asking this question, and it was relatively small. If we -- if we don't do anything for a year, and you don't shift the costs to commercial, what would you have to absorb? What's the dollar amount?

**Marriott:** This increase would raise about \$50,000 worth of revenue.

**Katz:** You would have to absorb \$50,000 somewhere in the budget?

**Marriott:** Right.

**Katz:** Without the increase to anyone?

**Marriott:** Without the increase to these 150 or so --

**Katz:** Or passing it on to somebody else.

**Marriott:** Right, right.

**Katz:** Ok. All right. So you're willing to wait a week?

**Francesconi:** Sure.

**Katz:** Ok. That means that this will not go into effect next week. It would have to wait another week, but that --

**Marriott:** I'm confused.

**Katz:** If we act on amendments next week, it would have to wait another week.

**Marriott:** Then we'll have to ask you to add an emergency clause on to make it -- so it's effective July 1.

**Katz:** Does everybody understand what the problem is on that? Ok. Let's open it up to the public.

**Katz:** You have three minutes and there's a little clock on the screen.

**Deborah Lark, Executive Director, Portland Hospital Service, 18440 NE Portal Way:** My name is Deborah Lark. I serve as the executive director for Portland Hospital Service. I'm speaking today on behalf of both my company and the Portland Water Users Coalition, a group of large industrial commercial users most of you are familiar with in the city of Portland. We are attempting to protect jobs, livable wages, and our very ability to continue to do business in the city of Portland by working the lower water and sewer rates. I'd like to speak for just a moment about Portland Hospital Service. We're the largest industrial health care laundry in the state of Oregon. We employ 120 full-time positions. During 2003 we invested \$11 million to move our business into the city of Portland. \$1.3 million was invested in cutting-edge technology to reduce our water usage. I'm happy to report to you today that we've reduced it by an astounding 54%. I'm here this morning to deliver a message to you from both my company and large industrial water users. Portland's water and sewer rate increases are simply not sustainable. Portland's water and sewer rates, as you're well aware, are on the track to become the highest in the nation. Despite this, rate increases in excess of 5% are being proposed this year and every year into the foreseeable future. B.E.S. alone is projecting 6% rate increases for each of the next five years. Our coalition members have met several times with B.E.S. to discuss possible solutions to this rate crisis. We want to urge you today to delay your decision on these rate increases. We need more time. We would like very much to work with Commissioner Saltzman and the rest of the council to find reasonable solutions that encourage the economic recovery here in Portland, that encourage business investments here in Portland, that don't punish them. Thank you.

**Roy Moore, 17090 NE San Rafael:** Maybe we're not up here at the right time. We're here to speak in favor of the rate increase. Is that all right? Roy Moore, Portland. I'm the president of the Oregon and Southwest Washington chapter of NUCA the national utility contractors association and president of Moore Excavation, a company that's been in Multnomah County, city of Portland, for 48 years. We have 138 employees. As you're probably aware, we're a group of contractors, vendors

**May 19, 2004**

and other interested parties representing the utility construction industry. This organization was started to assist contractors with problems and issues specific to our industry. Our local chapter started in 1997 and we're currently 80 local members 1700 members nationally. Our membership continues to expand, but most importantly our members represent nearly 10,000 local families whose livelihoods depend on utility construction business in Oregon. The current vacuum of utility work for our members due to the c.s.o. project is having a profound effect upon members and our families. We were promised that a significant portion of the subcontract work on this project would be awarded to local contractors to help protect the health and local site utility industry. This promise has not been realized. Meanwhile not only are our families suffer economic loss from shortage of work, but much-needed maintenance on the infrastructure is being ignored while the money that previously funded the Portland infrastructure is being spent on the c.s.o. project. This three-sided problem profits from the c.s.o. project not staying within the community, lack of activity for our local members, and lastly deterioration of the infrastructure due to reallocation of funds can be remedied by improving increased sewer rates. Keeping maintenance of the aging infrastructure a priority will not only protect the ratepayers from catastrophic expenses incurred from neglect, but also supports a strong network of contractors and businesses that have invested their livelihoods into building the community today. Raising essential user rates to our citizens, such as water sewer is never an easy task, special in these difficult economic and political times. NUCA supports this proposed increase because of the real current and future benefits that our community will experience as a result of a safer water sewer system maintained and augmented by local contractors who continually demonstrate their commitment to the city of Portland.

**Frank Dunn, 103 Halsey:** My name is frank dunn, city of Portland. I'm the president of dunn construction. I just want to comment, I just -- i'm just here to stand with roy, agree with what he said, and further state that we've lost good contractors in the area, moved away, so on and so forth, because we're not putting work out in this area, and we feel that a rate increase is more than needed because the infrastructure is falling apart. I mean, it's -- we do a lot of repairs and stuff for the city of Portland. It does need some work. It really does. That's all I have to say.

\*\*\*\*\*: Thanks.

**Katz:** I got up this morning, I don't think we were going to hear this kind of testimony. So this is very interesting. We have a sector of the business community who are concerned, and rightfully concerned, as we all are, about the increasing rates. Another sector of the business community that asked us to raise the rates so they can work and have a family wage job. That's an interesting dilemma, sort of been the first time we have been presented that. That's why I commented on it. All right. Let's continue.

**Dan Bourbonais, 1441 N Columbia Blvd:** Good morning, mayor Katz, and commissioners. My name is dan borbana, the general manager of american linen. And in conjunction with my sister companies we employ over 250 people in the laundry services industry in Portland since 1953. I'm here this morning to express my concern for the water and sewer rate increases that are being proposed. Over the years ratepayers in the city of Portland have seen significant increases in these rates year after year, and they expect -- they are expected to continue well into the future at rates well in excess of inflation. As you might gather, water is the major resource an industrial laundry utilizes. The current proposed rate structure will increase the cost to my branch by nearly \$20,000 annually. ALSCO has branches in 46 cities across the united states, and in Portland we have the distinction of being the highest combined water and sewer costs in my whole company. We service thousands of businesses in the Portland metropolitan area, from hotels, motels, clinics, medical offices, restaurants, commercial businesses, auto dealerships, clean room facilities, manufacturing facilities, and I can assure you, in the economic climate that exists in Portland today, it will be unlikely we will be able to pass these costs on to our customers. The question must be asked as to the viability and sustainability of these types of rate increases for affordability of services and

**May 19, 2004**

employment are impacted. We have -- we have viewed ourselves as a good corporate citizen by reducing our water consumption and thus sewer discharge by developing and refining water recycling system over the past decade. We have one of the lowest water usage rates per pound in my industry, yet our costs continue to rise at unsustainable rates. Additionally, I have great concern for the city and its citizens that the impact these rates have and the ability to attract business that uses water as a resource, frankly this is a far cry from the claims we've made as a water abundant low-cost city a decade ago. I urge the council to take pause and reconsider the proposed rate structure and take meaningful action to determine what is driving these rates and a means of reducing these unsustainable rates. We at ALSCO are prepared to participate in any means possible, with the water bureau, the bureau of environmental services, and your leadership, to impact these rates now and into the future. Thank you for your time and allowing me to address my concerns.

**Dave Schauer, PO Box 17057, Green Bay, WI:** Good morning. My name is Dave Schauer. I'm the corporate director of environmental services for Dean Specialty Foods Group. I've traveled here from Green Bay, Wisconsin, to address the council concerning the current proposals before you today and to hopefully open an avenue of communication between our company and the city to begin working cooperatively in addressing issues related to high costs of doing business in Portland. Jerry Cox, the plant general manager for the Dean's Specialty Food Production Facility located here in Portland, appeared before the city council last week to express our concerns regarding the effect the mayor's proposed budget will have in increasing already the extremely high cost of doing business within the city of Portland. I will not repeat his comments, however I do encourage each of you to review his statement before making final decisions. Dean's Specialty Foods brings to this community employment for 150 full-time and 200 seasonal employees, over \$8 million in payroll and fringe benefits. \$40,000 in tri-met taxes and nearly \$1.1 million in water and sewer service revenues. I'm here today to emphasize our company's growing concern regarding the economic impact your proposal will have on the continued viability of our presence in Portland. The cost of services for our local plant is twice as high as any of our facilities producing similar products across the country. Unfortunately, 20% of the local production volume has already been moved to other plants outside of Portland. It is a concern for our local plant, as it should be for you, that the same products can be produced, shipped across the country, and sold here for a better return on the dollar. We have two requests for the city council today. First, move to drop the proposed permit fee increases altogether. It is an additional burden on an already unbearable cost of doing business here. Second, reevaluate your need to increase sewer use rates. It will only undermine your current efforts in attempting to attract new business to the Portland community. We have spent the past two days in very productive meetings with city staff discussing technical issues related to industrial monitoring and billing. In our opinion, the door to communications has just been opened. We believe that a vote now to pass these increases would be a mistake for both the industrial community as well as residents of this city. Please allow us time to work cooperatively with the city and have an opportunity to evaluate and provide meaningful input into the development of the future rate structure and to examine alternatives to rate increases. Please accept our written comments for the hearing record and I thank you for the opportunity to speak today.

**John Kalkhoven, 11562 SW 175<sup>th</sup> Ave., Beaverton, OR 97007:** Good morning. My name is John Kalkhoven, and secretary/treasurer of the Nuca group that Roy Moore spoke of. I must apologize, I only had four of our brochures, so you'll have to share, but that does give -- give you an idea of our group and the local companies that are -- that make up our membership. In addition to being involved with Nuca, I've been building projects in this city for the last 30 years. I'm here to speak in favor of the sewer and water rate increases, not only for the jobs and the taxes that the city will receive, but also to keep the existing infrastructure running well. There's definitely maintenance to be done on an ongoing basis. Thank you.

May 19, 2004

**Katz:** Thank you.

**Francesconi:** I probably should have asked this question sooner, but are you going to get the work? I mean, if the rate -- when the rate increase happen, are the talented work force that we have here going to get the jobs? Are you in discussion with b.e.s. about that?

**Kalkhoven:** Yes. Nuca has been meeting with commissioner Saltzman. We are offering our services. We would like to be involved in the oversight group. We recognize that the east and west side c.s.o. jobs must be done. We hope that we could keep as many dollars here with local firms as possible.

**Francesconi:** Thank you.

**Katz:** Let's continue.

**Brett Porter:** I'm Brett Porter. I'm the head brewer at Portland brewing company. We make Mactarnahan's beer and about 25 other brands. Brewing, by necessity, requires a large amount of water. Even the most efficient brewery requires seven times more water than beer, actually leaving the door. We use between 10,000 and 25,000 gallons a day at our brewery. We paid about a quarter of a million dollars for water and sewer in 2003. And 80% of that is -- 80% of that -- or 80% or \$200,000 of that amount comes from sewer volume charges and extra strength sewer charges in the form of biochemical oxygen demand and total suspended solids. We've worked hard at our brewery to reduce the amount of b.o.d., or biological chemical -- biochemical oxygen demand and total suspended solids, and to keep our effluent -- our sewage within prescribed ranges of p.h. And I was happy this year to receive an excellence award from b.e.s. In fact, it's the third year in a row that we've got an award for no pretreatment violations for our effluent. We're good corporate citizens. And we -- we're concerned about the increase in sewer charges, the 5% or 6% increase in sewer charges. It will essentially wipe out the savings that we have painstakingly earned through capital expenditure and careful operation of the plant. We're merging with pyramid breweries. They have a plant in Berkeley and also have a plant in Seattle. And I looked yesterday to see what the biochemical oxygen demand cost for that -- for those two breweries is, and Seattle is charging the pyramid brewery there 20 cents a pound for biological oxygen demand, and the rate here in Portland is 46 cents. 20 cents in Seattle, 46 cents here in Portland. And in Berkeley it's 14 cents rather than 46 cents here in Portland. Total suspended solids, I couldn't find anything for Berkeley, but in Portland proposed rate increase is 55 cents a pound. In Seattle they're paying 12 cents a pound. I'd like to --

**Katz:** Let me ask you -- well, finish your testimony. I want to know if they ship the cost somewhere and what the total cost --

**Porter:** They may do, there's a different amount of allowable b.o.d. and t.s.s. in those places, but it's not very much different from what I can see. We're concerned about this cost of -- this increased cost. It was 5% last year. It's 5% this year. We'd like it to be -- we'd like it to be zero this year.

**Katz:** Thank you.

**Steve Shirley, PO Box 327, Oregon City, 97045:** I'm Steve Shirley. We've been in septic pumping and re [inaudible] pumping business since 1988. We just opened a small treatment plant in northwest Portland. We treat restaurant grease traps, grocery stores, we go out and pump them with our truck, bring them back and process it. This is something we just started doing April 1 of this year. And we're a small mom and pop company. You don't get any smaller than us. And it's a great concern. You know, it's just -- it's not you personally, but the b.e.s. is just is a giant elephant. We've got personally a couple customers that I've heard, large customers, that are talking about moving out of the area. You might want to look at that. You might want to get on the phone and start calling some of these big companies, because they're huge.

**Katz:** Why don't you give me the name of the companies. You don't need to do it publicly.

**Shirley:** I'd rather not say.

**Katz:** No, no. If you want us to call, write it down.

**May 19, 2004**

**Shirley:** I'll be glad to give you the list. I'll be glad to call them.

**Katz:** No you need to give me the list and I'll call them. But you need to let me know who they are.

**Shirley:** That's fine. When we go out to Hillsboro and maintain a grocery store say winco we call the city, they meet us out there, when we service the grease trap. They're there to maintain, to see the grease traps maintained. That protects your sewer system from grease going down the line and plugging the city sewer. Most cities have preventative grease trap maintenance programs. The city of vancouver has done it since 1996. Hillsboro just started this year. Beaverton. Don't know about salem. Places on the coast have it. That prevents high-strength grease trap material that's high in t.s.s. and b.o.d. from going down the line. Maybe rather than spend all this money on affecting 150-some businesses, like ourself, maybe you should look at some of these other places. Typically older grocery stores don't have any grease traps. I've been in a lot of them. And they don't get maintained properly either. They're just forgotten about, unless it's plugged. It just doesn't get taken care of. So we just spent four years constructing a small plant to be able to handle these grease trap materials. It's very difficult to treat. And it's to protect your sewer system, too.

**Katz:** Thank you.

**Simon Tomkinson, 206 NE 28<sup>th</sup>, 97232:** Good morning. My name is simon tomkinson from litmans designer architecture. I'm here representing the small business advisory council. Along with our 39,000 members we're concerned, because these costs are not transferable to our customers. A large portion of these businesses, it comes in a laundry cleaning bill, where they don't actually transfer that directly, so it's an indirect cost per se to the customer and user. We have a lot of scenarios where we have laundry facilities, other service industries supporting these small businesses that severely impact -- basically the cost severely impact their capital outlet. I'm actually here to engage in a larger dialogue. And that is how can we be more entrepreneurial about these kinds of things, and I want to engage you and the council on an ongoing dialogue. Where we can participate in reformulating how these costs are constructed. S.d.c.'s are obviously part of the issue. They're out for discussion. We definitely want to participate in those kind of cost structure discussions. The big story for us in this whole water increase, is that 10 years ago the top 10 water users were businesses, except for a handful, maybe one or two. Today, the top 10, only one or two businesses in the top 10. They're primarily institutional. Again going back to service oriented arrangements, basically it's very difficult for those businesses to transfer those costs. That has decreased demand and the rate increase as presented to us by jim hagerman and dave hasson is 1.6% of the overall rate increase because of the impact of lower demand. We'd like to engage you to be more entrepreneurial, to attract more businesses. We'd like to process -- basically, you know, look at the way that your organizations, b.e.s., actually charge for water. Right now, currently b.e.s. charges residential customers the same as commercial customers. And there might be another way of understanding that cost structure. We as businesses can't transfer costs directly sometimes because of the market tells us what they are, and what we can charge, so we like to engage another way of looking at how we can charge those costs.

**Katz:** I may have to have somebody correct you. I'm not quite sure that's quite accurate, but we'll have the staff come back. Ok.

**Floy Jones, 2204 SE 59th:** Good morning. My name is floy jones. I wanted to comment on two capital improvement projects in the water bureau budget. The open reservoirs, I wanted to ask the council to take action now to terminate the current \$6 million montgomery Watson Herzog reservoir burial design contract. This decision is supported by 20 months of research by the friends of the reservoirs and the majority vote of commissioner Saltzman's reservoir review panel. The 1% increase included in this year's budget, I guess it's 1.2% for the reservoir projects should be removed and the \$17 million revenue bond scheduled to be issued this summer should not go forward. In regard to water treatment, Portland should take steps now to save ratepayers upwards

**May 19, 2004**

of \$300 million and a 50% increase in rates over the next 10 years. Thanks to the research and investment by the large unfiltered systems around the country, everyone, except Portland, San Francisco, New York, Boston, Tacoma and Seattle, they've submitted strongly-worded comments to the E.P.A., along with the AWWA, the Metropolitan Water Agencies, the National Association of Water Companies and League of Cities, they all question the science on which this proposed rule is based, and they question the fact that key parts of the agreement in principle, the factor that was developed are not followed in this rule. These unfiltered working group, what they state regarding risks, benefits and costs in regard to the rule, is that the benefits may be overstated. The costs underestimated. Both may cause harm to the regulated community. An overestimate of risk reduces public confidence in the water supply and may be misused by less scrupulous interest groups. Portland has budgeted over \$20.5 million in the next five years for another study in design contract in regard to treatment. We ask that you reallocate the \$2 million in this year's C.I.P. Budget currently allocated for more consultant study on water treatment toward the low cost/high benefit investment of decommissioning the roads in Bull Run. Ratepayers have been hit with 17% water increase in the last two years. Affordability must be considered in decision-making. Water rates are heading in the direction of sewer rates. If we look at all the projects outlined for the next 10 to 15 years we'll be in the same situation with our water rates. I ask you to read the comments from these other groups. They're very important, very significant, well documented, well invested, and I think you'll have a different perspective on where we should go in regard to water treatment if you review those comments. Thank you.

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

**Katz:** Anybody else want to testify? I guess I ask you next time -- that's fine. Thank you. We'll bring the staff up. We've been working on this budget now for many, many months, and it would have been very helpful if I had this issue in front of me as I was reviewing the water rates, because we did reduce the proposed water rates. This issue was not before me. It is now before Commissioner Saltzman, and I know he's going to continue working on it. But we would have had maybe a different hearing if you had flagged that to me a little earlier and to the bureau a little earlier. So next time a mayor puts a budget together, flag those issues earlier so that they can -- they can look at them. It's a teaching moment. All right. Come on up. Because if you think we didn't push back, I could have pushed back a little harder if I knew, you know, your issues.

**Katz:** Ok. Go ahead did you hear anything that you needed to correct?

**Anoushiravani:** Well, there was a little bit of confusion about the water and sewer rates in some of the testimony in terms of the residential and commercial paying different rates and all that. For water, it is essentially the same rates. The only difference is for residential we basically have a block rate for it. So it's essentially the same rates. In terms of the capital programs and things like that, obviously as the council directs us to do things differently, we'll be making adjustments to our capital program, so we'll just be funding and spending money on the approved capital program. And in terms of specifically the open reservoir project, we don't know exactly what the cost is going to be. What's been budgeted is based on the council's previous decision and direction for us, and over the next few months the council would make a different decision obviously we'll be making -- making whatever we have to change in our budget and capital program.

**Katz:** On that issue, we either take it out now and then put something else back in, or --

**Anoushiravani:** Correct. The thing to recognize is we know we have to spend money on two accounts. One is the maintenance of those facilities. And basically everybody, including the review panel, has acknowledged that, that we need to maintain those facilities. And then in terms of what we have to do for risk mitigation, whether it would be a burial risk mitigation, if you will, or a different risk mitigation, at this point we don't know what that cost is going to be. It's a little bit premature, if you will, to basically make major changes to what we're doing, because we're not



**May 19, 2004**

going to be spending the money. If that's the concern or the issue, this won't be any money spent until we know what we have to do.

**Katz:** I know, but there will be concern that you'll be collecting the money from -- from the ratepayers.

**Anoushiravani:** Right and the way we deal with that, mayor, is basically the capital program is a pool, if you will, and there are several different projects that we have to spend money. And even we have identified what the rate impact is, and what percentage is, it's not that we're going to be creating different -- different buckets, if you will. It's going to be part of the capital program funds that we have basically generated, and if the cost were reduced, when we change our capital program accordingly, the next bond sale is going to be delayed, or it even be basically eliminated. So it not like that -- you know, we're either spending money or spending prematurely, if you will. So it's not that, but --

**Leonard:** I think the point is we're concerned that we're budgeting money for a project we haven't decided we're going to do. That's the concern.

**Anoushiravani:** Yes, I understand that, commissioner. It's just a question of timing, if you will.

**Leonard:** Well, it is, but I mean the point is -- I hope you're sensitive to -- is we have extraordinarily high rates, and we're trying to figure out what we have to do for sure, but not unfairly burden anybody in the community. I guess i'm having a hard time understanding budgeting money for a project we haven't decided we're going to do yet.

**Anoushiravani:** I understand that, and we are sensitive to that. I'm not saying we should just go out, collect money, figure out what we have to do.

**Leonard:** Exactly.

**Anoushiravani:** What i'm saying is what we have included in the budget was based on the latest council's direction to us, if you will.

**Leonard:** Ok. But the direction now is we're trying to analyze what it is we're going to do. And I think there's -- I don't think there's a consensus here of with respect to what we're going to do. And budgeting money at this particular point in our economy is -- probably doesn't make a lot of sense for a project we're not sure we're going to do.

**Francesconi:** Well, and now mort -- I guess the last discussion that the mayor raised was the issue of water treatment. Is that what you were talking about, that you wished you'd known about? The problem is this is a public hearing and so people have a right to raise issues.

**Katz:** I'm not denying that, except we do have a large water user on the purb --

**Francesconi:** But that's the purpose of hearings. So on the question of the water treatment, we have the same issue that we do on the reservoirs. I don't think we've agreed -- is it true that there's a possibility of saving \$300 million on a different water treatment alternative?

**Anoushiravani:** No. The cost differential are the different treatment regime that we have to do. And the cost is between roughly \$70 million up to \$300 million, depending on what's going to --

**Francesconi:** What's in the rates? What treatment options?

**Anoushiravani:** \$70 million. It's the lowest possible compliance. And we're not spending any money right now.

**Francesconi:** Which option is that?

**Anoushiravani:** The u.v. option.

**Francesconi:** That's in the rates right now?

**Anoushiravani:** Yes. In fact, we changed that a few months ago, commissioner, based on the very same issue, that even though good planning may basically -- basically indicates that you should basically plan for worst case scenario, that we decided not to do that because of the times and the issues associated with the rate impact.

**Francesconi:** Ok. So when the last testimony, they want to get -- the last person wants us to get a, floy jones, a federal waiver to the u.v. regulation -- requirements?

May 19, 2004

**Anoushiravani:** Right. Basically commissioner Saltzman has submitted a request to e.p.a. for a waiver from the rule, meaning that we do not need to do anything, basically leave us alone, if you will, and we have not heard from e.p.a. and that rule hasn't been finalized yet.

**Leonard:** Are we actively lobbying that position, I mean beyond commissioner Saltzman sending a letter? Do we have people explaining our position to the appropriate people at the e.p.a.?

**Anoushiravani:** Yes, we've done what we can, and basically they have closed their comment period, if you will, and we have done everything we could, and now we're waiting them to finalize -

**Leonard:** And we're working with our congressional delegation?

**Anoushiravani:** We've done some work on that, too.

**Saltzman:** It's an e.p.a. administrative rule making, some rule that affects the open reservoir question. Its that LT2 thing.

**Leonard:** Right.

**Saltzman:** It's supposedly in the final stages for promulgation early next year.

**Francesconi:** Did we have another \$20.5 million in the budget over the next five years for another study and design contract already?

**Anoushiravani:** Yeah. What we have in the budget is basically we have laid out a compliance strategy and a timing for it. The thing to recognize is beyond year two there is no money allocated and no rates being collected for it. So just because it's in the plan, it doesn't we are collecting, you know, year two, three, four, five.

**Francesconi:** It's not in the rate structure?

**Anoushiravani:** That's right. What is really in the rate structure are the first 2 years.

**Francesconi:** Yeah, but that's different its not in the rate structure.

**Anoushiravani:** Right.

**Katz:** All right. I'm going to explore this with you and with jennifer and our team -- the team on whether we pull that out and then put something in, and what the impact of that is going to be, and check in with commissioner Saltzman, whether that's how we ought to handle it.

**Anoushiravani:** No problem.

**Katz:** All right. So, jennifer, we have a week. And commissioner Saltzman and commissioner Francesconi are going to be working on some of the issues. This one i'd like to take a look with you and our team, whether -- what's the best way of handling -- there will be a cost. If it's not burial, it will be mitigation, and what's in the budget now, part or all will have to go back, if we pull it out, or do we keep it in, and what's the result of that over a short period of time. You understand the issue? All right. Dean, what did you hear?

**Marriott:** Mayor, there were a couple of comments, I just want to mention, some of underground contractors that came up to talk about their difficulties, given the fact we're not doing as many smaller projects that we used to, that we're concentrating our efforts on the big tunnel projects. They're absolutely right. We've been talking to them about that to some extent. The city, when we did the east county -- mid county sewer project, it provided funds for a lot of companies to grow their businesses, to do that work. When that project ended they -- the companies moved to do other sewer projects. We don't have as many as those projects in the works as we did, because we're having to focus on these big tunnels. So we're very sympathetic to that. I do need to say that the comment that the infrastructure is falling apart, I take issue with. We continue to invest in repair and maintenance and inspection. As I mentioned, this budget contains an additional \$600,000 for more of that work. So we are very sensitive to that. We will continue to work with our local businesses to try to maximize their opportunity every chance we get. And every time I come in front of you for my every six-month report on how we're doing on the c.s.o. program, you may recall I have an actual slide that talks about the firms that have been hired as contractors or subcontractors, and we will continue to do that. We're very sensitive to that. Someone mentioned

**May 19, 2004**

the fact that extra strength charges are lower in seattle. They may be. Seattle has much higher sewer charges than we have, so they're paying for it some way or another. And I should mention that, again, this is not to minimize the concern, the competitive issue, the fact that Portland needs to stay competitive. Other cities in the country are wrestling this very same thing. Atlanta is going to see explosive growth in their sewer charges. Washington, d.c., cincinnati, seattle as well is seeing increasing pressure on their sewer charges. All of these communities, and many others, are making substantial investments in clean water. River cleanup, harbor cleanup, those sorts of things. They all view it as, in the long run, best for their community. Obviously it's the right thing to do. They also view it as enhancing their livability as a community, to recover the natural resources that people do value. It is a difficult balancing act to try and maintain. We recognize that. You have given me an assignment to bring this -- this big capital program in and bring it in on time and on budget, and i'm doing my level best to do that. I think you all are aware that it's going to cost a lot of money. Because the federal government has stepped away from helping communities with this problem, unfortunately is left on our ratepayers' backs to pay for it. And I wish it weren't that way.

**Katz:** Ok. Let me see if I can summarize what I think the council wants us to do. The issue that I raised with regard to the rate for the reservoirs, what's the alternative on that? I'll assign commissioner Saltzman to sort of pull all of these together, though I want to explore that one particularly just for education reasons. The heavy industrial users, I would -- I would not support shifting the cost to somebody else at this point. So if -- if commissioner Saltzman thinks that's something you can absorb for a year, it's probably doable, but he needs to review that, then that's probably the route we need to go if that number that you shared with us is accurate.

**Marriott:** The \$50,000 in lost revenue.

**Katz:** Yes. In lost revenue.

**Marriott:** Right.

**Katz:** But I think commissioner Saltzman has been working with the users group and has some overarching ideas that need to be reviewed, and hopefully for next week. I don't know what he can bring forward, but I hope he can bring something forward that would address the issues of the users as well as meet the council needs. And finally, I think probably a conversation with commissioner Francesconi on the oversight, what's being done on that, is probably worthwhile, and maybe letting us all know that next week as well. Did I cover everything that I think the council members raised? All right, thank you, everybody. This passes on to second. All right. Let's go to 525.

**Item 525.**

**Katz:** The council will convene as a budget committee. Let me just take a few minutes. After we act on it, it goes to tax supervisor --

**Jennifer Sims, Director, Financial Planning:** Supervising and conservation commission.

**Katz:** Well, you know, sure. Tax soup, they'll review it, and then come back to the council for a hearing and a final adoption. So this is not a hearing. Now we all -- you all got a memo from jennifer that says please review the technical adjustments, the programmatic changes and the budget notes. There's a substitute on the resolution. Is everybody with me on that? There's a substitute on the resolution. And are you looking at me like you don't know what i'm talking about?

**Sims:** You're talking about the revenue bureau resolution?

**Katz:** Yes, right.

**Sims:** Which is a separate action from the budget.

**Katz:** Thank you. Then I was incorrect for now. There is an amendment to the approved budget notes. You should have had those. And what i'd like to do, because there may be people watching, who haven't seen this, for you to review at the time we get to the budget notes, some of those changes. Ok?

**Sims:** Ok.

**May 19, 2004**

**Katz:** All right. I'm turning it over to you now.

**Sims:** Ok. Does everyone have the budget change memo? Because you need that to be able to follow through -- follow today our conversation.

**Saltzman:** May 13?

**Sims:** It's dated may 13, exactly.

**Leonard:** I don't know that I have that.

**Francesconi:** I have may 12.

**Katz:** Why don't you give them a copy.

**Sims:** Ok. While celia's handing that out, i'm jennifer sims, the financial planning manager, and I would like to thank you for the wonderful experience i've had for the last six months. I just started in this position then. We're at a milestone today in the budget preparation process. Everybody ready?

**Katz:** I have an extra copy. Go ahead.

**Sims:** Anyway, i'd just like to thank you. I'd also like to thank the financial planning division staff for their excellent work. I have celia heron and bob Tomlinson here with me today to help with any questions that may come up. They've been key in getting the budget to this point. This memo has five attachments to it, and today we're going to talk through, not the script part that shows you what the process is, but we're going to talk about the four other attachments. B is the recommended programmatic changes. C has a series of technical adjustments. D is a summary table of the technical and programmatic adjustments. So those are all the numeric things. And the final thing is a series of budget notes. There are two types of budget notes attached here. There are those that were presented in the proposed budget and then there are additional ones that have come up through council discussion and from the public testimony that you've heard at two public hearings that were held. So to begin, then, with the attachment b, we have three that we have presented here for you. These are -- each -- i'm sorry. I've got to start over. We have \$200,000 in contingency.

**Katz:** Let me just say, it was a couple of days after I got home from surgery that they came in and told me about this issue. And so when I came back there was -- we made a decision that -- that we would use one-time resources for the council to begin to fill some holes that they want filled, that we weren't able to do during the budget time, and the rest of the second year of that to be set aside for the tax year 2005, raising the owners comp. So basically what you had was \$200,000 one-time to begin to identify some of the priorities that the council had.

**Sims:** Yes. Thank you. That's exactly what I wanted to say.

**Katz:** I'm sorry. All right.

**Sims:** That's good. So with this \$200,000 available in one-time only in discretionary resources and from the testimony that the council heard and other issues brought forward, we've identified three programmatic changes for your consideration in attachment b. The first is the m.l.c. pool, which has been funded on a one-time only basis, and this would provide one more year for that operation to continue. It would be a transfer from the general fund contingency to parks operation. The next is the linton community center, which you already heard testimony about. This would transfer \$30,000 of general fund discretionary from contingency to parks as one-time only support. And finally the matt dishman community center, which is suffering from needed repairs, has -- we've identified \$87,200 from discretionary and \$12,800 from the operations and maintenance set aside. The text that is described here makes specific note that this be dedicated to repairing a leaking basement, and I have heard from the parks staff that they're concerned about that being so specific, but that is a c.i.p. item for \$100,000.

**Katz:** Ok.

**Francesconi:** It's ok, we can live with this. So, mayor, I want to thank you for making these adjustments that I requested. So that's fine.

**May 19, 2004**

**Leonard:** Do we have money in here that fund additional officer positions? Is that my understanding?

**Katz:** Yeah. That's within the budget. This was -- this was just related to the \$200,000 one time.

**Leonard:** Uh-huh. But something happened between our prior discussion and now about funding the nine trainee 9-1-1 positions I thought we were going ahead with, and this attachment e says we are not.

**Katz:** Where are you?

**Sims:** You're looking at the budget. You're ahead on the -- attachment e? This -- the --

**Leonard:** Weren't you going over attachment d.

**Katz:** No. B. Can you wait until we get to d?

**Leonard:** Yes.

**Sims:** We're in b, banana.

**Leonard:** I'm sorry. I was looking at the balancing.

**Katz:** We'll get to that in a minute.

**Sims:** Those are the three proposed programmatic changes.

**Katz:** Ok.

**Sims:** Are there any other questions about those?

**Katz:** Any questions about those? All right, attachment c, the technical adjustments.

**Sims:** These are varied. Do you want me to go through these, then?

**Katz:** Yeah. Remember, there are people that -- you know.

**Sims:** Ok. The first item is a recognition of \$4 million in additional beginning fund balance, and allocation of that to the compensation set aside account. These resources are being carried forward to account for anticipated results of the police arbitration.

**Katz:** We had the money, it's unspent, it's on hold, we need to carry it forward when and if we ever get resolved the arbitration, we'll have to spend that money and pay back what we --

**Sims:** Yes. This covers fiscal year 02-03 and 03-04 for the management proposal amount. So that's \$4 million.

**Katz:** Ok.

**Sims:** Also, at this point --

**Francesconi:** Now is that all, for just the police?

**Sims:** Yes.

**Francesconi:** Ok, there's nothing else in this?

**Sims:** That's correct. We do maintain a compensation set aside amount that is related to needed colas and compensation adjustment, but this is a separate amount specifically for this.

**Francesconi:** Ok.

**Sims:** Also this time of year we do an adjustment to our overhead plan. We rerun that based on the proposed budget. And as a result of that we have a true up that is reflected here, and the net result is that there would be a slight increase in overhead revenues and an increase to -- and it increases the general fund contingency. We also have an adjustment to oni, where we're reducing their interagency revenue and also reducing program expenses. And finally, we have what's essentially a correction to the budget. We intended in putting the proposed budget together, that we would use parks discretionary general funding for the enforcement of the dogs in the parks, and that did not get properly reflected in the proposed budget and this action would do that. All of these changes, including the programmatic ones we've just discussed, are displayed in this very detailed table here then also attachment d, a summary version, and there's one correction to that, if you go to the bottom of the large box that says balancing adjustments, contingency reductions, that should say \$202,000, and the adjustment is to reflect the \$12,800 that is to come from o.n.m. set aside for the dishman center.

**Katz:** So it's \$202,000?

**May 19, 2004**

**Sims:** Yes. The \$12,800 is from operations and maintenance. The technical chart is correct but the summary doesn't reflect that change.

**Katz:** When we vote, we'll make that adjustment.

**Sims:** Yes.

**Katz:** All right.

**Saltzman:** What will be our final contingency for 2004-2005, then?

**Sims:** 1.43 million.

**Saltzman:** After these adjustments?

**Sims:** Yes.

**Katz:** Let's move to attachment e.

**Sims:** As I was mentioning earlier, there are two parts to the budget notes that are presented here. The first set, which is the longer set, are those that are included in the proposed budget. And then on the very last page of your packet there are three that are proposed as a result of council discussions and testimony received.

**Katz:** All right. Commissioner Leonard isn't here. The issue that he raised, is that is in the budget already that the council has seen, both the 20 and potentially an additional 10. So there is a budget note that we're going to discuss in a minute. I want to share that with the council. Let's now go to attachment e and the budget notes from the proposed budget.

**Sims:** Ok. The first one -- the first category is public safety. For fire and rescue, the fire bureau is directed to develop costs for station six lagoon alternatives and recommended solution. This is a challenge about access for the fire boat at that station, and this would direct that they bring recommendations for funding by August 2004. The next item is the bureau communications -- emergency communications. There is a -- has been an increase in call waiting time, and this budget note directs that the strategic plan, which is just in its final stages of preparation, be brought to council and the other user jurisdictions, which are partners and help fund that operation, and that whatever the recommendations are be considered by the council at that time. We know that there -- the draft plan shows that they would recommend that additional staff be added to this operation.

**Katz:** Yeah. I had the opportunity to talk to Carl very briefly, because I'm still somewhat concerned, and we've tasked O.M.F. to work through this problem and solve it and bring it back to the council when the strategic plan is finished. He did say that at least initially, to begin to reduce some of the waiting time -- and I haven't seen the schedule as to when the waiting time is higher than what we would consider acceptable -- to do -- use a little bit overtime until he gets a sense of how much he needs, and we get a sense of how we find it.

**Leonard:** Have we budgeted for that extra overtime?

**Katz:** No. We haven't. I've asked the O.M.F. to come back when we have his strategic plan and when we have an opportunity to sit down with them and figure out what we're going to do and how we're going to do it.

**Leonard:** I've seen the strategic plan. It's done. What is it we're waiting for?

**Katz:** We haven't seen it.

**Sims:** My understanding is that it was still to be reviewed with the user jurisdictions, and then we were going to get together after that.

**Leonard:** But the plan itself is done, and I think the point is that for me we can have fully staffed officers out in the street and fully staffed fire stations, but if we have people on hold, calling in emergencies, they're sitting in their cars, not knowing where to go because they're on hold.

**Katz:** Yeah. If you recall last year we reduced about eight positions. And it was felt at that time that the bureau could manage this. We are now being asked to add those eight positions back. I think -- I have an obligation, and we all have an obligation, to find out what has changed from then -- from then to now, and why are we in the position that we're in, and what other options there are

**May 19, 2004**

for us to act on. We have not seen the strategic plan. Quite frankly, I haven't had an opportunity to sit down with Carl and work through some of those details.

**Leonard:** Well, I mean, I'm happy to us have the opportunity to go through the strategic plan, but this is essentially a basic function. You call 9-1-1, somebody answers the phone. They don't answer the phone, then you don't have enough people there because they're busy taking other calls. That's what we're up against. It's a public safety issue.

**Katz:** And I raised that with Carl, and -- 'cause I've been concerned about it as well, and he said that he will -- he's been reducing overtime dramatically, and then he's missing eight people, and he's been -- he will increase the overtime -- I can't tell you to what extent because I haven't had the opportunity -- he was gone, and then I was gone for a while, to sit down with them and ask them, how much of the increase and how are we going to resolve this? That's all I want to add to that.

**Leonard:** I'm concerned about approving a budget that I professionally understand put the public at some risk. I'm not comfortable that we have spent our public safety dollars to their highest and best use. Just hiring police officers in and of itself does not create public safety. You have to have a communications system that allows us to tell them what's happening, where it's happening at. And, I mean, the mayor has given me the responsibility for this bureau. I take it serious. And I'm deeply concerned about the lack of staffing.

**Katz:** Well, I was deeply concerned about it as well. And I didn't really like the recommendation of eliminating net eight, which is another service, and I'm trying to problem-solve it, and I'm asking the council to give us a little bit of time to try to figure out why we lost eight people, why we're adding eight people, and how we deal with some of these issues with overtime and at what hours are we going to need to deal with those issues immediately until the council comes to resolution and we have a clear understanding.

**Francesconi:** How much are we talking about in money?

**Sims:** About \$270,000, ongoing.

**Katz:** \$270,000 ongoing, and we need to meet with the user group, because they need to participate as well. And that has not been done yet.

**Francesconi:** Ok. Well, in an earlier budget note, it looked like we had programmed \$600,000 of the police money for the downtown public safety and livability issue. I don't know if that's still in the budget. But the point is, we now have more money that showed up for public safety, \$600,000.

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

**Francesconi:** Now we have a need here that commissioner Leonard is expressing. So somehow we have to be able to prioritize. I'm not quite sure, Mayor, how we get there, but it seems like -- I mean, we can't come from other programs, but we have \$600,000, we have to figure out what's the best use of that, it seems. And this one may be it.

**Katz:** You don't have the answers that you -- that you need to make a decision. I want to be able to tell you why we're in the position that we're in right now when for the last year we were told that there they would be able to maintain the service at the level that they have. I don't have that information. By the way, let me just correct, the 600 was to be held for a while, until we know what kind of financial situation we're in. The \$600,000 plus was to add additional officers, as well as to deal with some of the downtown livability issues that commissioner Sten has been working on and the downtown livability community that's applied for a weed and seed program that didn't get it, that needs some assistance. And so we don't know yet how that money is going to actually be expended until we know where we are with revenue projections. We're not expending that money until we know where we are. We may find ourselves in a position where we lose, a, arbitration, and we're going to have to use that money for something else. So there's a -- there's a little tweak in the allocating of that \$600,000. It's not to be expended right away. And quite frankly, if we find out that we really have a problem that needs to be resolved by adding eight or nine other call takers,

**May 19, 2004**

then we can come back and make adjustments before we adopt the budget, but right now I don't have information to make an intelligent decision as to what happened.

**Leonard:** We can do that in the next week or two weeks. I'm happy to have Carl come here and make the presentation I've had.

**Katz:** That's fine.

**Leonard:** Just to that we were very focused on what the issue is, the issue is if you hear somebody kicking in your door --

**Katz:** I know.

**Leonard:** Let me finish. And you call 9-1-1 as they enter your home, and you're on hold, it doesn't do a lot of good to have a cop down the block if you're on hold while somebody's entering your home.

**Katz:** I understand all of that.

**Leonard:** I'm just saying. We cut -- you came in and told us you can cut eight positions last year. We did that. Now we're adding it back. I have the fiduciary responsibility to find out why, what happened.

**Leonard:** That's fair. And I'm just asking, before we approve that, let's have Carl come in and make that presentation.

**Katz:** Right. We're not adopting the final budget.

**Leonard:** Ok.

**Katz:** We're going to approve this, but, remember, we still have to have a public hearing.

**Leonard:** Yeah. I'm just asking that we not forego --

**Katz:** I didn't forget it. I didn't forget it. I'm as worried about it as you are.

**Leonard:** I know you are.

**Sims:** The next area is transportation and parking.

**Francesconi:** Who requested this budget item?

**Sims:** The mayor.

**Katz:** You can take it out if you want to.

**Sims:** The mayor added it in her proposed budget.

**Francesconi:** Let's take it out. Let's eliminate it.

**Katz:** That's fine with me. You can take it out. You'll have to deal with it one way or the other at some future point, but you don't need to deal with it now. Ok. Any objections for taking it out?

**Saltzman:** Which one are we talking about?

**Katz:** The transportation and parking.

**Sims:** The next area is community development. Under the bureau of development services, the budget note directs that b.d.s. shall coordinate with o.m.f.'s financial planning division to review the bureau's cost of service, and its policies and practices on program reserves by September 2004 so that those results can be used in developing the next budget for 2005-2006. And you'll recall this was because of the level of reserves and the need to draw on those and whether those are adequate for holding the rates steady, that sort of thing. The next one is for the office of neighborhood involvement. This is to develop a five-year financial plan and cost of service study for the neighborhood inspections program for next fiscal year and to report the results to the council by September 2004. And I believe that the mayor had an amendment for this particular --

**Katz:** Yeah. Let me read, additionally they will provide quarterly reports to the city council on progress made against the financial plan following its adoption by the city council. I think the council wanted to have that information reported to them as well. Ok.

**Sims:** The next one is the office of sustainable development. Here we have direction to o.s.d. and transportation to work with the business districts that receive the public trash can program services, to find a more equitable method to fund that. And this is to be brought to council by December 1 for



**May 19, 2004**

approval. Ok. Now these are the -- the next section has more text, so if it's ok with you, when we get into the long ones --

**Katz:** Ok. Let me just summarize. If the council approves the parking fee increases, that's eliminated, that's fine. On the bureau of emergency, boac, my hope is that we come back soon and resolve that, but the user fee -- when is the user fee board meeting?

**Sims:** I think they may have had that.

**Katz:** Did they deal with that issue? Excuse me? [inaudible] ok. Are they going to deal with this issue with the user board? Because the user board also needs to put in some money if we're going to deal with adding any staff. Ok.

**Leonard:** I actually had intended to propose a budget note that I neglected not to bring forward till now under public safety.

**Francesconi:** Now's your chance.

**Katz:** Do it now.

**Leonard:** I don't have it artfully worded, but it is to get to the issue I raised with the police bureau, about establishing a labor management committee. However we want to word that. That the next budget cycle. And chief foxworth and I actually have a meeting set up to discuss that and how that would work, but I would like it to be in the budget note.

**Katz:** Do you have anything written?

**Leonard:** I don't, but I can to that.

**Sims:** One option would be to add it to the adopted budget, rather than necessarily having to craft -  
-

**Katz:** Why don't we do that.

**Leonard:** It's that simple, that they establish a labor management committee.

**Katz:** Do you want to talk to the chief before you do that?

**Leonard:** I have.

**Katz:** You're going to meet with him today?

**Leonard:** Not today, but I have talked with him about doing that, and he's agreed.

**Katz:** Right.

**Leonard:** I've agreed to do whatever it is that I need to help him establish that. We have had discussion.

**Katz:** Could you give us some verbiage?

**Leonard:** For the Portland police bureau to establish a labor management committee, modeled on the fire bureau. They need that.

**Sims:** Ok. We've taken notes. Ok. The budget notes will next appear in a document in the adopted budget, because we do not print an approved budget document.

**Leonard:** Uh-huh.

**Katz:** Any objections to that budget note? Hearing none, so ordered. [gavel pounding] ok. Keep going now.

**Sims:** Ok. Now we're under the section called legislative administrative and support services. The first item is bureau of licenses, new licenses collected through enhanced efforts. This is aimed at separately tracking those. Need to be programmed and tracked separately in the blis system and the bureau is to submit a report on the enhanced collection efforts during the winter 2005 monitoring process.

**Leonard:** I have concerns about this. Not about the concept. I support, as I told the mayor.

Actually I would have recommended even going a little further with the structure. Then one that proposes to do. My concerns are, I don't think we've had a good discussion about whether or not a revenue bureau should be absorbed into another bureau versus being its own stand alone bureau, and i'm not prejudiced one way or the other, but it's a discussion that I think needs to happen.

Secondly, I think that the transfer itself is premature, that it shouldn't happen before July 1, 2005,

**May 19, 2004**

under any scenario, whether it's its own stand alone or absorbed into the office of management and finance. So i'd like to keep the -- the bureau of licenses as an entity in the budget as an entity, not at this point absorbed, but rather have this further analysis occur in this next year about what form it should look like as a revenue bureau, with the express purpose of creating a revenue bureau by either july 1, 2005, or commissioner Saltzman actually had a different date at one time when we were talking about maybe having it be a little later, but that i'm open to, and the idea I think we need to do, but the form of it I think needs to have a little more discussion.

**Katz:** All right. Are you going to read the amendment?

**Sims:** Yes -- well, the first one that I just read, commissioner Leonard, regarding bureau of licenses. The first note here is specifically related to programming -- tracking and programming the enhanced revenue collection under licenses. That isn't the segment on the revenue bureau. The next one of course is totally on the revenue bureau.

**Katz:** I think you're referencing the second one, and there is an amendment, proposed change language, because I heard you loud and clear, when you and I had this conversation, that we will -- the current budget note says the bureau of revenue is created in the -- in this budget. The initial action taken is to move the bureau of licenses into the office of management and finance. The proposed change language is the bureau of revenue is created in this budget, period. And it doesn't talk about the bureau of licenses, because we had agreed that not only did o.m.f. need a time but you had issues, the legitimate ones that needed to be dealt with before any change was made. And I think we talked about the middle of next year. So that's the proposed language change.

**Saltzman:** We're also going to have a resolution.

**Katz:** Right, correct.

**Saltzman:** On this matter too.

**Sims:** So following this budget action, there is a proposed resolution which lays out the plans for doing a phase two step for the -- for the bureau of revenue.

**Leonard:** Ok. So this -- this language does reflect the concerns i've raised? We're not eliminating the bureau of licenses as it's now known and --

**Sims:** This language as amended would clarify that this is not an immediate step that's being taken, and then the follow-on resolution, after the approval of the budget, will address the sequence of how the move will occur, what the steps are that need to be taken.

**Leonard:** But the bureau of licenses as an entity will remain in the budget, then?

**Sims:** That's a good point, which I do need to make for the council. The current budget structure has the appropriation unit for licenses under o.m.f. and if the council does not want to show that in the budget that way, then you would need to direct us to change that, because --

**Francesconi:** We don't.

**Sims:** It's been proposed in that way.

**Francesconi:** We don't, because we haven't done that.

**Katz:** And I would agree. Let's move it out until we resolve this. But to answer commissioner Leonard's question, the bureau of licenses right now is a stand alone.

**Sims:** Yes.

**Katz:** Ok. The bureau of revenue is created in this budget. You will come back with a resolution in terms of the phasing-in, the implementation, and have a conversation with tim and -- is it this afternoon? I can't remember. Today. To how we begin doing that, because there are other bureaus impacted by all of this, not only the bureau of licenses.

**Leonard:** Right. Thank you.

**Katz:** Ok. Let's keep going. So we dealt with the oni -- this is the revenue bureau -- i'm talking about amendments and -- keep going.

**Sims:** The next one after the revenue bureau is the enterprise resource planning system, and this directs office of management and finance to begin its process to implement that system.

**May 19, 2004**

Remember, this is the replacement of ibis. The next item after that is public information and outreach. This directs office of management and finance to work with the planning bureau to do a pilot project with an annual work plan that coordinates priority public outreach and involvement projects.

**Katz:** Jennifer, let me just flag, and there's also, in the current budget note, it says the office of management finance is directed to perform a detailed phase 2 analysis. We've added and bring back to the council by september 2004. So you'll have that discussion later this morning?

**Sims:** When you bring -- when you consider the resolution, yes.

**Katz:** Resolution.

**Sims:** Ok. I'm getting -- my allergies are catching up with me. It's that time of year. The joys of living in the grass-filled willamette valley. So I just covered e.r.p. and public information outreach.

There are opportunities -- these are somewhat derived from our efficiencies efforts for possibly saving money and also doing more effective outreach. So this whole note is addressing that. The next item is the focused review of the city's general fund overhead model. One of my favorites. This directs o.m.f. to perform a review of how that model works with an eye to best practices so that we have clarity, equity, and some year-to-year stability. We've experienced in the current year some swings in how the overhead model worked, and we want to evaluate and see if there's something more effective. Complete technology -- information technology staffing consolidation. This acknowledges that certain b.e.s. and water bureau staff are working with b.t.s. toward integrating by 2006. I'd like to note that the second item on the track staff for bds, they've reached an agreement that they're going to push that change back to july 1 of 2005.

**Katz:** 5 so we need to amend that, is that what you're telling me, jennifer?

**Sims:** Yes. And we will have a change for the adopted budget that will actually make that change in the numbers part.

**Katz:** Ok. So that moves to 2005. And then the r.u. issue with regard to the bureau of licenses also needs to move out of the o.m.f. budget.

**Sims:** Yes.

**Katz:** All right. Keep going.

**Sims:** The next item is the technical assistance program. And this directs o.m.f. to develop a program that will -- receive a third-party business assessment and a customized curriculum. This is basically an education and training program for certain types of businesses to improve their opportunities to participate in city business. And this directs that o.m.f. bring a funding plan to support this to the council prior to adoption of the budget. So that means you're going to see this in the next month.

**Katz:** Yeah. I chair the minority contracting forum, and this was one of the issues that kept coming up over and over again. There's currently a very successful program in getting subcontractors to actually become contractors and when questioned in long conversations about this, the entire group felt that if we could enhance this, this would add far more opportunities for women-owned businesses, minority-owned businesses and emerging businesses. So you'll -- i'll bring back a plan, and you can decide if this is something you want to support or not.

**Sims:** Ok. The next item is to move the -- to do all the necessary budget amendments, to move the cayenta billing implementation staff to the city's chief administrative manager. This is a recommendation of the quality assurance contractor on that project, and is to be done with the concurrence of b.e.s. and the water bureau directors. Strategic sourcing, this is one of the more exciting and appears to be a good opportunity from -- emerging from our efficiency effort this year.

This directs o.m.f., prior to the adoption of the budget, to bring forward an implementation strategy for that. This was the -- a new, improved way of doing purchasing with new state legislation that gives us more power to negotiate and do some more creative ways of getting costs down. The final item here reflects the recommendation of the mayor to lay out funding priorities by the council, so

**May 19, 2004**

that if and when new additional revenues do materialize, that these be established as the areas for directing those resources.

**Katz:** Yeah. I didn't put them in priority order, but I think these are the ones that I heard the council say that these are the priorities for the city. And we added the health insurance on just because the council will be facing that enormous task in the next few months. Ok. Keep going. It's addressing the rising cost of --

**Saltzman:** Oh, ok.

**Sims:** Finally, the last three items are those that have emerged from council discussion and from -- and from your public hearings. The first item, I believe commissioner Francesconi was interested in seeing that the city attorney and o.m.f. work together to address the special litigation unit proposal that the city attorney made in the requested budget. And this requires that they develop a joint report to be presented to council in august of 2004. The next item is -- is in response to the city and county plan to end homelessness, would have the police bureau work with the homeless agencies to recommend a pilot project to respond to those recommendations. This could be done. The idea here is not use general fund contingency, but perhaps a portion of the funds in the police bureau budget. The final one --

**Katz:** I neglected to say this. If the chief feels that the capacity isn't there, not only to fill the current vacancies, but the 20 that we added, that if there are issues, public safety issues, that need to be dealt with, then the use of one-time funds would be appropriate. That's why the use of them for the boac, that's ongoing, and so the money for this group, and maybe even deal with some of the public safety issues in the downtown area, though we don't have any proposal right now, could be tapped for one time.

**Francesconi:** You know, during our informal issue of training and additional training for the police bureau, that's more ongoing, but could that be something that we could look at full do they need funding for that?

**Katz:** That's a good question, because i've -- it's not only that, it's also some of the seaport recommendations. That's a question that i've asked the chief and we'll continue to push. Because if he needs some additional, especially one-time for this year, he ought to tap into that to do that.

**Francesconi:** See I guess that's what i'm signaling. We need to not only come up with, you know, better community policing policies, we have to actually fund them. And so funding more training, funding more efforts at diversity, is something we need to do. So i'd leave it to you as to when to bring that to us, but I think that should be included.

**Katz:** Well, and if -- I mean, he may have the resources now and may want to shift it around, but that's a question that's on the table. So thank you for flagging that again.

**Sims:** The final item is outreach to diversify neighborhood involvement. The council received a lot of testimony on this. And the thinking was that it would be helpful to have something developed with the scope of work with measurable deliverables and a budget that identified other possible matching resources and evaluation plan. So this budget note would direct oni to develop and present a proposal for a pilot project that would incorporate all of those items to increase involvement of under represented community members.

**Katz:** Ok. So this is now what you have is the budget with the technical adjustments, the problematic changes and the budget notes. And if you're ready I will take a motion to approve the budget as amended by the Council.

**Saltzman:** So moved.

**Sten:** Second.

**Katz:** All right. Roll call.

**Francesconi:** Is this is it? I mean is this the formal adoption of - -

**Katz:** This is - - go ahead

**Francesconi:** I'm going to save speeches for all of us.

**May 19, 2004**

**Sims:** This is the approval of the budget to transmit it to the t.s.c.c. and then there will be a hearing on June 9 with the t.s.c.c., and it will be back to you for adoption on June 24.

**Katz:** And that's when you -- that's the -- you can make speeches any time, but that will take care of some of the hanging issues that were discussed this morning. Ok. Roll call.

**Francesconi:** There's some good things in this, especially getting emphasis on essential city services starting with police. So the added police officers in this budget are very good. But it also recognizes economic development issues. I do think there's still an exodus of small businesses here and this sends a signal that we're going to help small businesses by reducing some taxes. But it also -- that economic development fund is a very important thing here. Especially to help businesses districts outside of tax increment district. Hopefully it will also have a work force component. So those are just two things I wanted to highlight. Thanks for all your work on this. Aye.

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

**Sten:** Very good budget. Thanks to the mayor and Jennifer, and the team, you've performed very well in your rookie season and it's a pleasure working with you. Aye.

**Katz:** Jennifer and the staff, thank you very much. I want to thank the bureau of directors and the council members. I would say so myself this, has been an interesting budget document in terms of how it was put together. We need to review with everybody to see if we want to do it the same way again next time for the next mayor, or even as I start the next budget. It has public safety a component in it, ongoing money for additional police officers, it does have an important economic development component, not only for minority contracting and women-owned businesses that I'll bring in in a month or two, whenever were ready. But also the tax year 2005 if the council decides they want to continue to do that to make sure that we have the resources to do an increase in owners' compensation, and then I want to thank the council for the over \$2 million one-time for economic recovery and investments and opportunities. We don't have, as I said, the tool chest that other communities around this country have. There's an important meeting today that all of us are involved in seeing if we can convince Siltronic that we can put all the resources together. This fund is small compared to what we have to do to attract the next 300 millimeter wafer plant. But for smaller companies, this fund will be a critical fund for the -- that we could use for the next fiscal year. So thank you, everybody. The mayor votes aye. [gavel pounded] all right. We are now going to approve the tax levies. I'm going to have to read this to you. The city shall levy its full permanent rate of 4.577 dollars per 1,000 of assessed value and \$7,749,335 for the payment of voter approved general obligation bond principle and interest and \$86,522,327 for the obligation for fire and disability and retirement fund and .4026 dollars per 1,000 of assessed value for the children's levy, and .3900 cents per 1,000 of assessed value for the parks levy. Discussion? Questions? Public hearing. Surprise me, somebody. Ok. The hearing is being held by the city council of Portland, Oregon, in compliance with the provisions of the state revenue sharing regulations o.r.s. 221.770. I have to read this. It's to allow citizens to comment on the possible use of these funds in conjunction with the annual budget process as proposed for council adoption. The fy 2004-05 budget anticipates receipts totalling 3.7 plus million from state revenue sharing and has been in the case in prior years, it is proposed this revenue be allocated in equal parts to support fire prevention and police patrol services. Nobody wants to testify on that, the council will adopt the levy, roll call.

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

**Katz:** Mayor votes aye. [gavel pounded] we adjourn as the budget committee. Thank you very much. This moves now to t.s.c.c., and we'll be back to fill some of the conversation that we had this morning. All right. Let's move on then to what -- we were talking about a little earlier, which is 550. Ok.

**Item 550.**

**Tim Grewe, Chief Administrative Officer, Office of Management of Finance:** I just noticed it's afternoon, so good afternoon. I'm Tim Grewe chief administrative officer for the city. At your April

**May 19, 2004**

27 work session you directed o.m.f. to submit a resolution directing us to complete phase ii analysis for the formation of a new revenue bureau. This new bureau would consolidate current revenue functions such as cash receipting and collection operations and a host of other responsibilities. Phase ii would be -- would have as a product a comprehensive implementation plan which would include a time line perform -- for forming the bureau, a budget, a communications plan, and a variety of other things necessary in order to proceed with the development of the bureau. The managers from the involved bureaus will be involved in the second phase process. We've also invited representatives of the involved unions to be directly involved in the second phase of the project. As I said, it should be emphasized in conjunction with completing the plan we're also going to launch an internal system for making sure we keep the employee that's are involved fully informed as to what is and is not happening. It would be our intent at this point to bring back that plan to the council for deliberation in september. With that, unless you have specific questions, i'll be happy to respond to those.

**Katz:** I need a motion to accept the substitute. The substitute has an additional be it further resolved that the office of management and finance is directed to present to the council results of the phase ii study and to obtain council direction as for the next steps in the establishment of the bureau of revenue no later than september 2004. Do I hear a motion?

**Sten:** So moved.

**Saltzman:** Second.

**Katz:** Hearing no objections, so ordered. [gavel pounded]

**Leonard:** I need to raise the issue, i'm not comfortable that we make a decision in this resolution where the revenue bureau will be. I have questions in my mind about whether it would be appropriate for it to be in the office of finance -- management and finance or its own standalone deal.

**Katz:** Why don't you address that.

**Grew:** I'd be happy to. In our first phase analysis we did exactly that. We looked at all the options performing at the bureau, and the committee concluded that it made most sense to put it into o.m.f. and there was a series of criteria that were applied in making that decision. I'll be happy to review that with you, i'll be happy to discuss it again with council in conjunction with bringing back to implementation.

**Leonard:** We've just never had that discussion. I mean the committee may have had a discussion, I have never had a discussion with my colleagues here about whether or not the revenue bureau should be its own separate bureau with a commissioner in charge, or within the office of management and finance.

**Grew:** I guess i'd have to suggest then council needs to have that discussion, because in order to do that in conjunction with phase two, we'd be going down two paths. One path would be how do you implement it as a separate bureau and how do you integrate it into the office of management and finance. The first one would actually require taking things out of the office of management and finance and combining them in a new bureau, which would result in pulling our accounting and finance systems apart as we understand them today. The second one involves how do we take these related functions out in the bureau and bring them together, integrate them into the office of management. It would be a very different implementation plans.

**Leonard:** We'll confess to be in a little bias in the last 18 months we've made significant changes in operation from everything from how tow companies operate in the city, to cabs, to revenue collections that i'm not sure would have been possible if it were in some other entity. And I -- so I have those concerns.

**Grew:** I understand the concern. And that is why, though, we did try to take a careful look at all the options in the first phase. Based upon discussions with council, it appeared they were comfortable moving forward with the recommendations.

**May 19, 2004**

**Leonard:** Revenue bureau. I've always been on board with the revenue bureau. Always. As I said earlier, I would have taken it a step further with some other entities to be within it. But I have -- i'm not so comfortable having it -- no disrespect intended, but buried in a bureaucracy somewhere the accountability concerns me. You're a busy guy. It's going to be three layers underneath you.

**Saltzman:** Did the phase I study look at the governance issue?

**Grewe:** Yes. It looked at all the options, standalone bureaus, a variety of ways of bringing it into o.m.f. What we did is came to you with the recommendation of the consultant at the time that thought the best thing to do, where are you going to go forward with this, and he recommended we should go forward, was to integrate it into the other financial operations of the city, which are housed in o.m.f.

**Francesconi:** That part -- well, it would be good if you gave us all the phase I studies, so we can see it again what the underlying assumptions were. Pulling apart accounting systems may be difficult to do, but then all the other regulatory stuff, we never -- I don't remember that we talked about that. Towing and all the other things. Did that phase --

**Grewe:** It was noted in the report that there were those responsibilities, regulatory responsibilities of the bureau licenses as well.

**Saltzman:** That would remain with the bureau of licenses.

**Grewe:** They would come with the bureau of licenses, but the point being, they aren't directly revenue collection types of activities. And I think that's in part what the commissioner is getting at.

**Francesconi:** Me too. And that part I don't think we ever did discuss. Anyway. That I remember.

**Grewe:** Would you like me to schedule a brief work session?

**Leonard:** That would be very helpful for me. We can talk this through.

**Saltzman:** I don't have any problem with that. We've got to keep our eyes on the prize, and that is the consolidation to me of all the key billing and cash receipting functions. I guess the regulatory aspects --

**Francesconi:** Are different.

**Saltzman:** Could be different. You could conceivably leave those in the bureau of licenses, but it's really -- to me, the merits of the revenue bureau are having all cash receipting and billing functions done citywide. And I believe we've stated that too, that we're not just stopping at the potential utility service and license bureaus, but we're going to be looking at parks, franchise, every place that has those functions.

**Grewe:** That would be another phase.

**Leonard:** To be clear, I totally agree with. My issue is accountability.

**Katz:** Ok.

**Leonard:** The folks that work there --

**Katz:** Let me see if I understand. The council supports the notion of a revenue bureau, there may be some dissent on whether there should be -- whether it should be in o.m.f., but the council in general would support it in the office of finance and management. The issue I hear is the regulatory function of the towing board and the taxicab --

**Leonard:** Not just that. The collection processes, the policies, I need -- i'm not saying I oppose it, I just need -- from my experience I have to be talked through how we're going to have somebody who is watching what's happening. And asking questions. And not just accepting, this is the way we've always done it as an answer. Those are some of the issues i've had.

**Grewe:** Just to clarify something, the bureau manager would in fact report directly to me. So it wouldn't be three down in the organization.

**Leonard:** Ok.

**May 19, 2004**

**Grewe:** And I should remind you that I serve at the pleasure of this entire council. So if I weren't giving a proper level of attention, I would be accountable to each and every one of you for that purpose.

**Katz:** Ok. So we'll deal with the resolution and then we'll have a work session on -- you said you wanted to come back?

**Grewe:** I think my recommendation at this point is that we get clear on where it is we want to end up. Because this next phase is developing an implementation plan to get to that organizational structure. I would not recommend to council that we invest any further dollars -- invest any further dollars in proceeding with this until we're clear.

**Katz:** You want to put this resolution on hold?

**Grewe:** I think so, yes.

**Katz:** Ok. So let me get a sense from the council what you want from tim. Your concern on the regulatory issues, is that a concern of everybody?

**Saltzman:** Yeah, I guess that -- that's something that probably deserves rescrutiny.

**Katz:** All right. I think there is majority support of keeping it in office of finance and management.

**Francesconi:** I just need to reread the report. I'm assuming that it's going to show that it would be very disruptive, probably more expensive to pull that out. So I need to reread the report if I could.

**Katz:** You all have the report?

**Francesconi:** I know.

**Katz:** So take a look at it.

**Grewe:** I'll make sure we get it back around to you.

**Leonard:** I'm not at that point. I'm not against it, but I need to understand it better.

**Katz:** Ok. I'm just trying to summarize the issues. There may be a majority on the council, but two members are not there yet.

**Grewe:** Do you want us to schedule a work session, have a discussion on this?

**Katz:** Let's talk about what the best way would be.

**Francesconi:** As soon as I read the report i'll respond, i'll let you know.

**Katz:** All right. So --

**Grewe:** We'll come back with this issue. Would the appropriate action be to refer it back to your office?

**Katz:** Yes. Any objections? Hearing none, so ordered. [gavel pounded] all right, 551.

**Item 551.**

**Katz:** Anybody want to -- come on up.

**Eric Johansen, Debt Manager, Office of Management and Finance:** Thank you, mayor. Eric johanssen, debt manager in the office of management and finance. The ordinance before you this morning authorizes the issues of up to 175 million in sewer revenue bonds under the revenue bond act. Upon approval upon second reading a 30-day period will begin where the issue is subject to referral. If we go through the 30-day period without referral we'll have authority to issue up to the \$175 million contemplated by this particular ordinance. As dean marriott mentioned earlier today, we're anticipating a sale probably sometime later this fall or early next year. And with that i'd be happy to answer any questions.

**Katz:** Questions?

**Leonard:** The bonds are being authorized for what purpose?

**Johansen:** The continuation of b.e.s.'s capital program, primarily c.s.o. and related items.

**Leonard:** Ok. Thanks.

**Katz:** Anybody else want to testify? Roll call. I'm sorry. Goes to second. 552. 553, and 554.

**Item 552, 553 and 554.**



**May 19, 2004**

**Katz:** First of all, before we vote, I want to thank commissioner Sten for leading the hearing and the work sessions on this. I watched you on the television and you get a-plus. Thank you. Roll call. On 552.

**Francesconi:** Thank you to the staff and all the good work. Joe, you really did terrific work on this project. Very terrific work. And it was worked through. We worked through some difficult issues, but it was worked through, and this is a very exciting part of the city down the road. And we need to get there with projects on the ground. Aye.

**Leonard:** Aye.

**Saltzman:** This is a great plan. I think it represents the embodiment of opportunity of gateway's long work over the last five, six years. Good work. Aye.

**Sten:** Aye.

**Katz:** Mayor votes aye. Thank you. 553.

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

**Katz:** Mayor votes aye. [gavel pounded] 554.

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

**Katz:** Mayor votes aye. [gavel pounded] thank you, everybody. And we stand adjourned until 6 p.m. This is a very important hearing for the council. It lays the foundation for further work of the citizens committees. We stand adjourned.

At 12:18 p.m., Council recessed.

**May 19, 2004**  
**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.

**MAY 19, 2004            6:00 PM**

[roll]

**Katz:** Karla, why don't you read 555.

**Item 555.**

**Katz:** Good evening, everybody. Let me open it up by some very brief remarks. At the end of tonight's public hearing, the council will vote to adopt the final conceptual design recommendations for the Portland transit mall revitalization project. This will not only improve the transportation mobility of this region, but revitalize the downtown area and revitalize the mall. And it is part, just one part of our strategy to manage the growth in this community. Portland, even though we have felt the unemployment rate because of the recession, is still growing. And this community needs to be served by a variety of public transportation methods. The recent opening of interstate max line demonstrates that we have learned to build projects efficiently, with the community's involvement, on time, and under budget. That project and the mall revitalization, would not be possible without the support of many of the partners sitting here in this room. Tri-met certainly, metro, and the president of the metro council will be testifying, the business community, the citizens, and certainly the federal government. The transit mall was one of Portland's very first major transit investments. We are now entering the second generation of the transit mall. When the mall was completed, it was a symbol of downtown, it was a symbol of Portland's economic revitalization. It is now more than 25 years old, and when you reach 25 years, you begin to find some worn spots. It's important that we address concerns about the economic vitality along the mall, the safety along the mall, and the deteriorating condition of the streets and the sidewalks. To assist me in developing this plan, I appointed a steering committee in november 2002, and commissioner Francesconi joined me as a member of the city council. We had our first meeting in january of 2003, and over the past 15 months, we examined many complex issues surrounding this project. Including the role of light rail, the role of the buses, the role of bicycles, automobiles, trucks, and the importance of pedestrians who ride the public transportation system. An important part of this effort will be our continuing commitment to high quality urban design. That is something you're going to hear about today, but it isn't anything today that we're going to get to closure on. But the success of this mall is not only the fact that it will move people from one place to another and revitalize the appearance of the mall, the success of this mall, if it provides truly a sense of place. And we talked about it as a committee, that we will elevate this particular light rail line by creating a sense of place. We asked planning, our planning bureau and urban design person, as well as greg baldwin, and you'll hear about it, we told greg he can do -- take as much time as he wants on this --

**Francesconi:** Don't tell him that:

**Katz:** And they came up with the notion of urban rooms around very key locations on the mall. And that the urban room ought to connect not only with the station, with the pedestrians, but where that room and where that station is placed. And what the environment around it is like. You're going to hear a little bit about that. We are not voting on that today because we're just in the beginning of the process to talk about the station as a place. We will continue our committee work. I don't know if the rest of the committee knows that, but I made a decision to continue the work because there are some issues that still need to be resolved. What are the stations going to look like,

**May 19, 2004**

what are the shelters going to look like. The furniture. The art. John russell is very concerned about the landscape. The trees. The sidewalks. The issue with the disabled population. Are they going to be able to move around in this new environment. We'll hear from fred at the appropriate time about his strategy on the bus lines and how to use the notion of a shuttle concept. These issues haven't been decided yet, but have begun in conversation. Now, we had also a citizens' group that -- an advisory group that chris -- he's here, he chaired. This group worked even harder than our steering committee, because they met even more often. And they had to resolve some of the important issues, the potential conflict issues between the buses, the pedestrians, the cars, and that group had representatives from the community that really would deeply interested in those issues. And interestingly enough, after a lot of conversation and a lot of thinking, you're going to hear a report from chris that there may be some still design issues, but pretty much agreement by everybody. So thank you, chris, and thanks to the committee for all your work. You're not through yet either. So we have high expectations for this light rail line. Some people in the community who were here when the mall was built talked about light rail, some day coming along the transit mall. This is an important project for the businesses on the mall, and for the pedestrians who ride the buses and the light rail. Both need to be protected, and both needs need to be met. Having said all that, let me tell you what we're going to hear. We're going to hear brant williams to talk about the resolution overview, and here it says the financial plan, the preliminary engineering, and key dates. Greg will do video simulation and overview of the process. Chris is going to give you the summary of the citizens' advisory committee recommendation, gil kelley and paul schlessinger is going to give you the summary of the planning commission's recommend indications. They took a lot of thoughtful testimony and thoughtful deliberations on this issue. And their comments and recommendations. David bragdon from metro steering committee member and represent lives give you a regional perspective why this is important and why they're funding this project. And then fred hanson certainly the key partner here from tri-met, their partnership with the city, next steps, bus planning, the bus fleet, what's the future going to look like, steering committee recommendations, and then we're going to hear from president bernstein from Portland state university, because Portland state university is a very important partner also in funding for this effort. And dan will talk about how important that is to Portland state. And then we'll open it up to public testimony. I warned the council this morning that this might go on a little long, but it's important, and we're all going to stay and hear your presentations. So brant, go ahead.

**Brant Williams, Director, Portland Office of Transportation:** Thank you, mayor. Members of the council, good evening, i'll provide a brief overview, background of the resolution and turn it over to greg and he can take you through the report and some of the key elements of the report. The resolution that's before you this evening proposes adoption of the recommendations by the mayor's steering committee for the Portland mall revitalization project, specifically it's the final supplement of the conceptual design report, which is exhibit a as part of the resolution that was given to you. The set of recommendations are based on extensive analysis of a variety of options that we looked at for the mall, and also valuable input that was provided by numerous individuals and groups from both downtown and throughout the community. Some of these groups include of course the -- as you mentioned, the project citizens' advisory committee, the planning commission, the landmarks commission, downtown neighborhood and business associations, activists for pedestrians, bicycles, and transit. The general public of course, and lastly, the valuable input that was provided by the members of the mayor's steering committee. The project has come considerable distance over the last 14 months. We've made a lot of progress, again, as the mayor indicated, and thanks to all the hard work and the many hours that were put in by staff and all the citizens and parties that were party to all of the work that was done. Most of the complex issues have been successfully resolved, and we're now very close to consensus on the overall direction of the project. The Portland mall is premised on a broad revitalization strategy that consists of four very important yet distinct

**May 19, 2004**

components. First one being urban design. And quality urban design. Number 2, improve transit service and transit capacity to downtown. Also, improved local access and circulation to the mall by all modes of transportation. Three, an effective development strategy. It's part of the recommendation by the steering committee that they're asking that the Portland development commission develop a development strategy that would improve the environment for business activity along fifth and sixth avenues. And four, enhance maintenance and a mall management strategy. This strategy would include the creation of a mall management entity that would look at a coordinated effort for managing and maintenance and programming activities along the mall. The overall success of the mall really does depend on the successful implementation of all four of these key elements. The recommendation for improved transit service is not just about additional light rail service. Again, as the mayor indicated, tri-met will be looking at improved bus service plans for downtown, providing for additional service throughout downtown, and in some of the underserved areas of downtown. Also, the resolution does include a request that tri-met take a good look at investing in a new bus fleet that would deal with the noise and the pollution issues that are associated with the bus activities along the mall. Regarding funding, the conceptual design report includes a framework for funding strategy for the 160 million dollar cost estimate for the project. 60% of this would come from federal sources through the federal transit administration. 40% would come from local sources, including metro, tri-met, and of course the city. We also will include as part of the funding strategy a local improvement district, which will include property owners within a certain distance from the transit mall, and that will include their contribution towards the capital improvements of the project. We are currently working with these property owners to come up with an agreement on what this l.i.d. Will look like, and because of the requirements for submittals to f.t.a., we need to have a final funding strategy in place by august 18. So we'll be back in front of you if the resolution is approved tonight, we'll be back in front of you late july or early august with a final funding strategy for the entire project. The time line for the overall project is -- we're currently in preliminary engineering, f.t.a. Did give tri-met the authority to move forward with preliminary engineering in april. That will be concluded by october, and at that point we'll move forward into final design. We hope to have a full funding grant agreement from f.t.a. By the spring of 2006, and at that point we should be able to move right into construction. So two years from now hopefully we'll be under construction, and then if all goes as planned, by 2009, we should have the light rail system up and operating down fifth and sixth avenues. As you mentioned, mayor, there are a number of important design elements that need to be worked out. Those will be worked out during preliminary engineering and design phase. We'll continue to work with the advisory committee, and keep them actively involved in dealing with those issues, and also have the mayor's steering committee that will provide the oversight for both the process and the final decisions that will need to be made for those elements. Of course greg baldwin will take us through some of those issues, and with that I think i'll turn it over to greg. Thank you very much.

**Katz:** Thank you. Before greg starts, you've got a presentation here that greg worked on that identifies great pedestrian and transit streets. He's not going to go through that today, but make sure you take a look at it. It was an interesting report. Ok, greg.

**Greg Baldwin, Zimmer Gunsul Frasca:** Thank you. Madam mayor, i'd like to first compliment you on your comments about the purpose of the mall. I think it's extremely important that we all appreciate that this is about enriching and improving a place, not about repairing and expanding a utility. And in fact, everyone who has been working on it recently really has taken that to heart, but we need to continue to remind ourselves. I'm wondering if we could have the lights down a little bit so that people can -- ok. What do I need to do so that -- there it is. Ok. 150 years ago, a plan and a vision for downtown was established in Portland. It's the vision that we utilize today. 100 years ago, within the context of that plan, a high-density spine was beginning to emerge along fifth and

**May 19, 2004**

sixth. That form that was established then is really the form that we have reinforced over the last three decades. It's true that in the six -- 1950's and 1960's we lost our sense of form, but certainly with the downtown plan, and with the transit mall at its heart, the notion of creating a backbone for downtown and for the region was reestablished. The mall was built, and the backbone had a physical manifestation within the public right of way. It was reinforced with the -- when the banfield light rail line intersected at the heart. It was reinforced further when the central city plan noted it was the high density backbone of the region, and extended it then to the north with the north mall. The west side light rail, though it was originally to be on the mall, crossed it, and made that intersection with the mall more important. However, with the south-north, it became apparent that light rail really had to occur on the mall. We looked at a variety of options, tunnels, and we looked at new ways to operate effectively within that right of way. When the south-north failed, work on the mall and its improvement continued. There were a variety of efforts, a lot of it initiated by the private sector looking at ways to improve weak portions of the mall and encourage those who would take the initiative to assume some stewardship over the welfare of the mall. To do so, with the south corridor, with imax, however, we were confronted with the real opportunity to proceed with the improvement of the mall. Over the last year and a half, as you mentioned, a variety of folks have been very much involved in developing goals, guidelines, and a concept for the mall. There was a time, about six months ago, where there was a pause, and we said, you know, we really are creating a place, a very important place in Portland, and perhaps we ought to look at other streets around the world that have similar responsibilities. So we looked at places like rome, and san francisco, and chicago, and new york, and the streets that really tended to organize those cities over time. And tended to make them the places where people would rather be. For instance, in rome, it's been around for 2500 years, and for many of its life it really has not only been the heart of an empire in the beginning, but the heart of a city, its institutions and its commercial districts. Why did fifth -- what made fifth avenue so strong that it could begin to draw energy from the hudson river and the east river to this heart of manhattan, and really sustain that organization over time. Market street is a backbone for san francisco at times of great strength and impact, other times when it was weak and it has been enjoying a renaissance in recent years. Why? What did it take to make state street one of the great, or the greatest retail street for half of the 20th century in the world. And then why did it fail and what -- to do -- to what do we attribute its comeback. 96 let mall made improvements, what has been their experience and how does that compare with the transit mall? Denver created a right of way that probably is the most carefully from an architectural perspective, most carefully conceived right of way in north america. What has been its experience? And I don't want to elaborate on the study, but it was very interesting, because of the streets we looked at, there were five things they had in common. First of all, in every case they revealed the activities and qualities that distinguished the city they served. Two, they would accommodate a variety of modes of transportation without compromise, one compromising the other. Three, they required that all of the activities behaved properly. Buses smelled good, weren't too loud, pedestrians behaved properly and so on. Four, those who were responsible for the activities of the street, the public agencies, the institutions, the property owners and businesses collectively maintained the welfare of the street. Sustained it. And finally, all were constructed and maintained with the kind of civic quality that reflected well in the aspirations of the citizens that were served. When we compare the transit mall with those streets, in many cases it compared quite favorably with one glaring exception. The collective stewardship of those along the mall had not been consistent. And really we felt was one -- if we found physical problems or operational problems, we could usually turn to the lack of that collective stewardship. There was a second effort equally important that was really simultaneous, and it was the one that planning and arun jain and his group initiated, which was looking at the mall, where light rail stations would be located and the development opportunities that were approximate to those stations, and considering whether or not

**May 19, 2004**

those stations could be developed in a way that they could become a focus for a surrounding neighborhood, or an urban room that they could epitomize the best qualities of those communities and become a center for each. What we have done as a consequence of that study, if you haven't seen it, you should have a presentation, because it's very good, but we've begun to go along station by station and talk to people who involve people who live there, work there, are responsible for institution and business around each of the stations in the design of a station. In all cases we've learned a great deal, and they've really changed the direction that we were going. In some cases they suggested the urban room that was described was not large enough. At the southern end where we had talked about a gateway, they said this isn't a gateway, the most important thing you can do is begin to reach across i-405 and really connect us with duniway park, with the neighborhoods to the south. And as you -- as this alignment extends ultimately on across the willamette river, those stations should do the same. When we looked -- had our workshop at Portland state, Portland state noted that while it is true that the urban center was conceived as the center for university district in fact it is becoming much, much more than that. That in fact it is the center for higher education, at least public higher education in the region, and coincidentally, many of the emerging partners for Portland state will be connected to it by the tram or by light rail, whether it is ohsu, or it's Portland community college, or clackamas community college in north clackamas, or even Washington state in clark county. So this place really is a regional place. Symbolically and otherwise. So as we look at it we have to look at ways that which is a very successful rather introverted square can become something larger that people from the region pass through as they enter and leave Portland. The stations on either side of p.a.c. West were interesting. This is a place where really across-section of the downtown exist. People live here, people work here, institutions, government and cultural are here. And what it is interesting to have a commercial use right at the very heart and what pac west has said is intentionally we extended the public realm through our building this, is an opportunity to make it stronger, as well as to make improvements along madison, so in fact this very diverse world really comes to us. And we have -- they didn't describe it as a maternal role, but really a role in bringing all of these activities together in one place. Pioneer square, we thought of the relevant context as being the square and what was going on at the federal courthouse. The consequence is that in fact the opportunity with light rail to bring together pioneer square and the courthouse and retailing in the area is something much greater. There's a five-block area where the public realm extends through buildings through nordstrom's, pioneer place, and that is the realm, the station area we should be looking at for the region, and in the very center, we have a federal courthouse that is suggesting ways that it can be much more extroverted than one would have assumed or that it has in the past. And I think that's a very positive thing. Similarly, u.s. bank said, you know, we're a bohemouth now, but while we're talking about redoing the plaza, I think there's a greater opportunity here. We're at a crossroads, oak street goes past us, connects to the brewery blocks and the waterfront park, ankeny and the fountains along ankeny offer a significant opportunity, and if you think about the development around us, blocks are fully occupied by buildings or will be as they're redeveloped, streets, the buildings are tall, the streets are a bit darker, but when you get to our plaza, the world opens up. And daylight and maybe it should also be lit similarly at night at this crossroads. And if in fact we really invite through our building, if we retent it, improve connections, there is almost a medieval scale we can offer in the center of this very dense area at this crossroads. Old town and davis station really are developing, having a responsibility for becoming the center of a nine-block or a 12-block area. And finally, at union station, we've tried for a long time just to get the stations close to union station with the concept of an intermodal terminal, but if you look at what p.d.c. Has done and the advice we've been getting, the notion of extending the impact of the station back to the south and even looking at the guard and the way to begin to extend it south into the area, the redevelopment of the greyhound block and perhaps there's a place where an institution, like a primary school, an early childhood center and other public uses

**May 19, 2004**

could be located in the context of a large indoor garden that would really extend the forecourt of union station to the south. In other words, there's some interesting opportunities that are being considered at this time. All of these things are possible only if the modes that operate within the mall, as I said, behave properly. And this is difficult, because the number of buses, the number of light rail vehicles, and even the autos and the pedestrians that are contemplated are considerable in number. I think there are some extremely innovative solutions that have been contemplated. It will take a motion for the simulation to start running. This is a simulation of an operation that does not exist elsewhere in the world. And I'm not suggesting that therefore there's any risk associated with it, it's simply more sophisticated. Light rail in the central mall would operate down the center except when it pull to the right side and loads to the right side, as do the buses today. The buses can pull around it. The incidentally the architecture that is implied here really was for the simulation model and doesn't reflect the conversations we're having in these areas. When the light rail vehicle is ready to pull out, you will note that it pulls out first to get into the center lane, then buses follow it down the center. I'll show you in a minute as this swings around. I'm not going to fill this with conversation, you can just watch what's going on. Here you see some buses pulling up in the center lane. Now, the signal changes, the light rail vehicle and the autos on the other side will progress, light rail vehicle pulls into the center lane which clears a right-hand lane and buses will follow it through the intersection either down to the next block as is shown in this simulation, or over to the right if they're loading in this immediate block. So it is similar to this skip-stop operation that exists today, but it is somewhat different. This will allow light rail vehicles to operate at four-minute headways or better, and will allow, have a capacity for buses that really exceed the number of buses we anticipate on the street. It maintains a right of way that is of the width comparable to the right of way or exactly the same as the right of way that exists currently in the three-lane sections. And we are continuing to fine tune or refine exactly how the light rail vehicle pulls across the impact on the sidewalk configuration at the curb, and I think there's interesting options being considered at this time. There's also some interesting discussions where people are saying, for instance, at the federal courthouse maybe we ought to take the shelters away from the curb. Currently there's a gauntlet as you walk along and people are sitting on the curb, maybe the shelters could be nothing more than a sheet of glass overhead and people would wait along the curb and then it might operate better. So we are also looking at different ways of operating within the pedestrian realm than the way we operate today. I'm going to go ahead. This continues to go on and on, but just to conclude, because you have many other people to hear, I'm confident that with the progress that we're making that we can design a solution that is comparable equal to, hopefully even superior in some ways to the quality, the civic quality of what we have built before while adding new features and Newark Tech which your. There are links that are going to be made between activities in downtown and the region that have never existed or existed well before. And I think that's very exciting. There is a mobility and access that can be achieved in downtown without one mode compromising the other that I think is, a, imperative, and b, quite possible. And finally, I think that everyone is committed to creating a place where you would rather be. An open space that is good or better than any open space in the region. Thank you.

**Katz:** Thank you. Questions of Greg or Brant? Maybe we'll hold off and move through the presentations. All right. Chris? And Gill and Paul, why don't you come up as well. Schlessinger.

**Chris Kopca, Chair, Citizens Advisory Committee:** Good evening, I'm chair of the citizens advisory committee, giving advice to the mayor's steering committee. It's always hard to follow Greg. He gives tremendous presentations. I'm here to generally outline the recommendations of the advisory committee, and you saw most of those presented by Greg today, so I don't want to go through and repeat them line for line. But I want to begin by saying I'm a little embarrassed I'm sitting here alone representing the citizens advisory committee. You had 11 people serve you for a year, meeting every week at 7:30 in the morning.

May 19, 2004

**Katz:** Do you want to identify them by name?

**Kopca:** Sure. I'm going to refer to my list.

**Francesconi:** Are any of them here?

**Kopca:** I believe – Janice marquis is here, greg peden is here, debbie murdock is here, maybe as I call names they could wave as I go through the list. Lew bowers from p.d.c., trond ingvaldsen from standard insurance, phil kalberer from the old town, dan zalkow from the downtown community association, Janice marquis from russell development, deborah murdock from Portland state university. Ann niles from the pearl district neighborhood association, greg peden from the Portland business alliance, allyson reed from pioneer place and ellen vanderslice from the willamette pedestrian coalition. A pretty diverse group. So these people worked tirelessly, and I think we're all benefiting from it. I think we were motivated by the work of staff, and they also asked me specifically to thank you for the staff that we were provided. We were never told no. We were always told we'll look at it. You can press on us and we did, and we did, and we did, and we think we came up with some solution that's first got discard and came back around. And they proved to be -- meet our objectives, and there were 10 objectives that we set out for ourselves. Most of them have been said already. It's -- they became our guiding principles. Introduce l.r.t. with buses and make sure it works as well as the buses do today in terms of efficiency. I would tell you as an aside that the travel up and down the mall tomorrow with this system will be faster than it is today with the buses. And I think you all know travel time is a key ingredient to making transit be a competitive alternative. Better integrate all modes of travel, that's pedestrians, bicycles, cars, trucks. You've -- you'll probably hear tonight, you've got in your testimony package letters from the willamette pedestrian coalition, the bicycle group all supporting the notion of having the continuous lane. I think the planning commission called it the great lane.

**Katz:** That's better than the multimodal access lane.

**Kopca:** Give them due credit. Create a safer pedestrian environment. We're going to reintroduce a lot of activity on the mall. This is regional rail service that begins with interstate light rail and clackamas, and candidly, it also will hold the opportunity for the next legs of light rail, whether that be milwaukie, or barbur boulevard, whatever it is. But there's going to be more people on the mall, and we need to make sure that people can move back and forth safely and being able to keep all those transit patrons on the ride side of the street and allow the other side of the street to move some of the other functions, I think will be a very comfortable and convenient -- I don't want to call it separation, but a nice relationship between the various function that's need to go on. Greg baldwin talked about the character of the mall and needed to preserve that character and build on it. We think this scheme does that. Create a stronger business and shopping environment. All the way from the issue of access and noise levels, and service and then delivery and drop-offs. Would I tell you last we reported to the steering committee, we made some recommendations with regard to pull-outs and at that time we were still working with the planning commission and had some difference of opinion. I think we're here today to tell you we've met and we've reached accord with each other on the issue of pull-outs as well, so I believe we have consensus on all issues. We want to create a stronger sense of ownership and stewardship, many private property owners disassociate themselves with the mall. It's not my space, it's not my responsibility. That's a terrible predicament to be in for a public place. This proposal of a management group not unlike the one you see for pioneer courthouse square and the funding arraignments for it can help breed that relationship. We remind -- are mindful of the operating costs, you probably know this scheme as \$5 million more than the original base scheme which had stations on the left. But it is a very modest price to pay for all the additional benefits that were spoken to earlier. And we also wanted to come up with a funding scheme that would deal with the ongoing operation and maintenance. The mall is falling into disrepair and we want to make sure if we were going to build a newer better mall it would be properly maintained over time. And then lastly, the one that intrigued us was greg baldwin's



**May 19, 2004**

presentation on great streets and talking about flexibility. Not just designing for 2004 or 2009 when the system opens, but opening and leaving ourselves flexibility for well beyond that. So it's a mall of the next 25 or 30 years at minimum. And we believe the scheme is capable of having those kinds of adaptations. So what you have before you today, in your packet of materials is the steering committee report that addresses those items, I would proudly tell you for the -- speaking on behalf of the whole group, it is a consensus recommendation. All 11 members from all various disciplines, all are recommending the same thing to you. And i'm personally proud of that achievement. I think our committee is incredibly proud of that achievement. It's a chapter that's closing in the phase of the work. The mayor has said it's not finished. We have much work to do from specific design work, to funding, to final engineering and planning that we're all looking forward to, and we look forward to this civic and private improvement. Thank you.

**Francesconi:** I have just one question. I want to respect the mayor's asking question. How are we doing on the l.i.d. in terms of the business participation?

**Kopca:** We just kick off that effort now. Candidly probably took a couple week hiatus after we got the approvals, and we're gearing up on that right now. It's going to be a challenge, and in a tough business economy, but what we have going for us right now more than anything is the fact that there's such strong buy-in into the solution. For the business community, and I think the mayor spoke to it well, a great transit street is not necessarily a great street or a great place. And there are lots of great transit streets across the nation that move lots of buses and lots of people, but they're not great places to be. This solution is really captured the hearts and imaginations of the business community and I believe it can create a great street. So we don't have division of conversation about the solution. We have conversation with people gulping about \$15 million and what it means, and we have to work on that, but it begins with a common solution and a common identity, and we have that. So i'm very hopeful.

**Katz:** Thank you. Gil and paul? Paul, you start.

**Paul Schlesinger, Planning Commission:** Paul schlesinger, 610 southwest alder, Portland, 97205. The commission members drew lots and who was going to be the commission member of the tag team between gill and ourselves, and I rigged it so I could be the commission member. I'm also not sure which hat I should wear. I remember back in the early 1970's working with ernie bonner and wearing my retail hat and really very unsure of all the headaches of what this transit mall was going to do to the retailers. I'm not sure if I should wear a developer hat, because for a good share of my life as a child, as a teenager, a young adult, I spent summers working with my father, my two brothers in the same place. Ensuring that this was a great place, a great lane, not a multimodal whatever. That it made sense to the citizens of Portland. A parking manager, to make sure that a transportation issue meld and welded in with public transportation. Tonight i've decided to keep my planning commissioner hat on and hopefully do ethan, rick, larry, ingrid, gail, chris, and tim the justice that they've bestowed on me being here. This is, in my mind, one of the most important decisions that you all will have to grapple with. Not only does it affect, as chris and greg have said, downtown, it has an effect on all of our community. For passing this, it moves light rail hopefully into a phase that includes clackamas, that hopefully will include south waterfront, crossing over the willamette not once, as it does now, but twice, and going to milwaukie and hitching up again with clackamas. It then really is the guiding light for a lot larger public transportation. The planning commission took a lot of public testimony and I for one going into that meeting felt it was going to be negative. Not to -- not jointed, but disjointed and finger pointing. I think we were all surprised pleasantly that the testimony that we got from the steering committee, from chris, and his group, from p.b.a. and business and retailers came across of, here is a street, two streets that are great, but that do need revitalization. And it was important to hear from the community that low we have our differences on how maybe it's put together, but coming together and really looking to the positive for the whole community. In our letter of recommendation to you, we have five fundamental

**May 19, 2004**

principles, and I'll go through the five points and Gil will admirably give me the backup on them. The key point, and they're not necessarily all in order, but that being the urban rooms and the station as places. I'll use quotations on those. Again, through Greg Baldwin and C.G.F. and planners, really looking at making this a street that is viable for public transportation, for the car, for the pedestrian, and really making multiuses of these two streets. I want to make a comment and unfortunately Arune isn't here, but the collaboration between planning bureau and Greg on this is really putting the excitement into this revitalization plan. And I think it's really interesting here, seeing the public and the private side working together to make an even better concept. Second point that the planning commission and the bureau really deliberated on is really wanting a continuous and a minimum 15-foot sidewalk. That's going to be hard to do, but it's a concept that we all have put forward and it's an important concept, especially for the pedestrian, which is a key point and key component to this revitalization. The third point, and it's the success or the failure of this transit mall, should be judged in terms of its ability to host significant transit movement to and through and from the central city. Chris alluded to pull-outs, and again, I think this really does show the push and tug in a really positive format between planning commission, the bureau, and also the committee that Chris staffed of how many, and the location, and all that. And we as a commission really grappled with that. We came up with a total of seven pull-outs being allowed on fifth and sixth through that area. I think, again, as we've talked previously in this, that I think this is a key area component tied to the 15-foot width of the sidewalks being pedestrian, but also looking at the retailers, the developers, the building owners, and the need to coexist there. And fifth, the continuous lane. It's been called an auto lane, but, again, a misnomer. Bikes. And it was really interesting to mirror Chris's comments that here, yes, it's a lane for autos, but it's also a lane for the bikes, bicycles, and other ways of transportation. And that's what makes this lane so important. Some other final comments. Making sure, tied to the tri-met component, that the buses be as green as possible. Noise levels, pollution levels. Bicycle, both short and long-term bicycle parking on this area is vitally important. We own and manage a garage that is part of this great street, and we have two levels of retail, and we also have a lot of bike rack that's we don't charge bicyclists to use. Initially the beginning there was one, maybe two bikes. Now it's gotten to the point over the history of this garage that we almost have to use a lottery system for the amount of bicycles that are using that. The last item and a key important item, and here's where I put my retailer hat on, my developer hat on, my building owner hat on, and my planning commissioner hat on, and it's the mall management. We all collectively can put this mall together and make it a great street that it needs to be and should be, and will be, but if we don't collectively both private and public, ensure that it is managed correctly as Chris eloquently said, then we find ourselves where we're at at this point. And we need to leave this legacy collectively, not just for 2004 or '06 or '09 when it opens, but a lot longer for that period. And to ensure that, to manage this mall both again by a private and public committee dozen sure that. Thank you.

**Gil Kelley, Director, Bureau of Planning:** Gil Kelley, director of planning. I'll be brief. I -- maybe the best thing I could do is put Paul's comments and summary of the planning commission deliberations in a little bit of perspective, because their deliberations started a step before this one when they were asked the question, is this alignment that is putting light rail down fifth and sixth avenue, consistent with the comprehensive plan? And the downtown plan? And they over a series of a couple of discussions decided to recommend to you that it is, because in fact those plans do show light rail on the mall. But they wondered about that, frankly, briefly because of some of the testimony from the transit providers that this was in fact going to be a lot of traffic on the mall to accommodate the light rail, the bus load which had previously been anticipated to reduce dramatically as light rail appears, didn't appear on the surface that that would be the case in substantial numbers, a request for an automobile lane through lane, pull-outs, and potentially parking meant there was a lot of load being carried by these two streets. Nonetheless, what they

**May 19, 2004**

decided at that step was, we feel confident enough it does belong here, that we'll forgo deeper analysis of fourth and Broadway, of maybe putting the light rail two-way on one of the streets and buses on the other, and say, let's -- let this committee and these engineers figure out through design how to make that work. But I think they did in anticipating the principles that Paul just articulated, leave the parties with a few thoughts at that earlier stage. The first was that, let's all remember that the pedestrian is the first mode of travel here, and you're entering a very intense urban environment no matter where you enter the mall. That's the environment you're in, so you need to remember that as a guiding principle. And I think Greg's description has echoed and amplified that. Secondly, that the transit mall was not a corridor only, but in fact was a place, or as we have discovered, a series of places or rooms. Third, that the project really meant we should think about what a 21st century mall is. And I think Chris indicated that too. It's a great opportunity to rethink how the mall behaves with this new transit facility, the fact we are much more multimodal and so forth these days. So that was another charge. Finally, they said remember that this mall is to serve everyone who needs transit. So if our desire to accommodate the rail and cars results in pushing bus riders away from the heart of town or away from the mall or makes their travel inconvenient, then we've really sort of diverged from one of the primary premises, which is to serve as a regional transportation hub for people who, many of whom don't have the option to drive or don't live near the light rail. I'm just very pleased I think the team went away and really figured a lot of these things out. Greg described the breakthrough on the great streets concept, and my staff I think helped advance the notion of station as place and what these urban rooms could be. I also think a lot of smart engineering people figured out how the right side alignment could work, and that's that suddenly I think reduced the notion that there was a necessary conflict between a through travel lane and accommodating the buses and light rail. So that was a very important breakthrough in all of this, and I think the desire for a lot of parking along the mall was removed earlier in discussion. That was also a breakthrough. So really got down, I think as Chris noted, to the pull-out policy, and I'm happy that people kind of come to the resolution on that, and that's all included in your document and part of what you're voting on this evening. There's a lot of design work to do. Greg showed some compelling images. Some of that work can be done as part of this project, frankly a lot of it needs to be done with funds other than that will be available for this project and over a period of time. But the planning bureau for one would be quite interested in helping the parties of this move forward to conceptual eyes what those places are and what the development opportunities are. Finally, I want to thank my colleague, Brant Williams, for inviting the planning bureau into this conversation and for Chris, who managed the committee structure, to listen -- who listened to us, and engaged in the push-pull on some of these issues, and finally to Doug, who really has been a superior project manager on this kind of holding everybody to task and it's turned out to be a very positive experience. I think all the way around.

**Katz:** I'm going to thank a lot of people that are sitting here that really ought to be recognized at the very end. So thank you. All right. Let's bring --

**Schlesinger:** Excuse me. I want to echo, because you can hear it from Gil and the public side, but on the private side, the collaboration that went into this, Tri-Met, PDOT, planning bureau, Metro, again, echoing your opening remarks, working with them in collaboration and looking to a common goal, that's vitally important for you all to know that. How many times you hear the opposite of that, of disjointedness and not working together. Here is a prime example where both public and the private and multipublic agencies really got down and really worked, and the fruit of that is what you're seeing now, and as we move forward to that.

**Katz:** Thank you, Paul. All right. Let me introduce the members of the steering committee. Mark Dotson is a member, John Russell -- I'm going to read a letter after we hear the testimony from David, Fred, and Dan. George Passador was a member of the committee --

**Francesconi:** He was?

**May 19, 2004**

**Katz:** Well -- we didn't see him very often, but he was there in spirit. And jay kenton, who --

**Francesconi:** Tell george I said that.

**Katz:** And jay, who was there every time, and now is -- we have dan, and I hope dan, you're going to be substituting for jay. And of course david bragdon representing metro, and fred hanson, representing tri-met. So david, fred, and president bernstein, come on up.

**David Bragdon, Metro Council:** Mayor Katz, members of council, i'm wearing three hats as well, I wanted to speak first as a member of the metro council. Over 20 years our agency has been working with various bureaus of the city in terms of light rail alignment downtown, in terms of clean air, in terms of different alternatives. I think that partnership's embodied in part by somebody mr. Schlessinger mentioned, ernie bonner, who was responsible for the early downtown plan for the city and then came to metro. We've been thinking about him the last few weeks, this is good testimony to continue in that. As you know, our organization has long advocated that land use planning and transportation investment need to be considered together, and that we're not just investing in how people get around, we're also investing in how they live, and in community development, economic development, and we feel that this project really embodies the blend of those disciplines very well, because of the people who have been brought together to do it. We also know that our regional growth concept is based on the idea of lively centers, that the city center of course is at the core of that, but that we have others around the region, that they're linked by transportation. This project also does that in terms of its connections to lents and gateway, the clackamas town center -- town center, and in terms of linking us up to the existing rail centers in beaverton, hillsboro, and gresham. Our concern also on a regional basis is the speed of the regional system. That when it was a one-line system, one line really wasn't a system, but when it was a matter of getting people from gresham to downtown Portland, the speed through downtown didn't matter, but in a system where people are moving from hollywood to the zoo, or from beaverton to the airport, getting people through downtown becomes increasingly important, and the speed of that system is important. Again this improvement addresses that concern as well. In terms of the status over in our building, we'll be hearing very similar resolution at our Council tomorrow night. Our advisory committee's joint policy advisory committee on transportation which Commissioner Francesconi is on, transportation policy advisory committee that I believe mr. williams is on have both approved this for our consideration. I never venture to guess what my other six councilors are going to do, but in talking with them at our informal work session yesterday, I think I'm fairly confident that we're also going to approve this resolution. Where we will go hand in hand with your bureaus and our other partners in this—whether it's Clackamas County or eventually the city of Milwaukee, trimet, odot—we will move forward then with the approval to get in the queue for federal funds as well as everything else that we need to perform the environmental impact study and the other activities that our staff undertakes in cooperation with yours. I'll take off my Metro Councilor hat and just put on the hat as a member of the steering committee to thank you mayor katz for inviting our participation. It was a great exercise in consensus building that actually produced not a watered down product that nobody was happy with, but actually produced a better product that everybody seemed happier with. Obviously there are issues remaining with design. We hope that same spirit will continue as we work through those. Finally, to take my final hat, certainly sitting in here next to Mr. Hanson, also a transit rider, just to speak personally as a transit rider, having all the vehicles stopping on the right side of the street makes it easier to get to the direction where you're going. You have multiple lines going. I think that the disbursal of other bus lines going to underserved downtown is also going to be an advantage to those of us who get around on transit. And finally, improving the speed of the system and getting people to their destinations faster is also going to benefit those of us who take the bus or train. On all those bases, we urge your support and predict that we will support a similar resolution at our council tomorrow.

**Fred Hanson, TriMet:** Thank you madam mayor, members of the council. I'm fred hanson,

**May 19, 2004**

general manager of trimet. Let me just step back back, because what we're considering here today of course is the work on the mall. But this mall work is a part of a larger project, and in fact the locally preferred alternative that you adopted earlier this year, late last year, represents that broader project. That is, first off, it involves light rail on the i-205 corridor from gateway to the clackamas town center as phase I of the south corridor project. Phase ii is to be able to have light rail go on to Milwaukie probably along the old caruthers alignment and all. Combined with that has been the work on the mall. And I say that just because I want to put in the context that the mall isn't a standalone project, it is a part of the connection between the south corridor projects. I'm wearing only two hats, so I don't -- i'm not measuring up to the three or four hats of others. But first, let me wear my tri-met hat. I want to be able to recognize our partners and agencies, in bringing this together, all the stakeholders that you've heard about, it's been terrific. City of Portland, Portland business alliance, the neighborhoods, and the downtown business community as well as others. We really are committed to making this project enter the next phase which is really moving ourselves through preliminary engineering. We're looking at, as brant outlined, all the funding options, and that part is obviously coming together. We're also committed to making sure that the reinvention of the mall is in fact producing an improvement and really building on what was created in 1978 and is and has been a national model. We're also committed to making sure that we continue to implement our innovative contracting methods that we really utilized on the interstate max project, and that you all utilize on the streetcar. We really want to use green building practices which we also really took to a new level on interstate max, but to be able to do that further here. And clearly, to be able to involve the community and the community relationships that have come to characterize our light rail projects since we last built in the downtown area. First, obviously with the banfield project, and then the expansion with west side. Using -- using this opportunity we also expect to be able to, as david has outlined, to enhance the bus service in the downtown core area as well, and not to compromise it on the mall itself. But to be able to better serve p.s.u., the pearl district, more emphasis on cross town bus service and a downtown circulator. Lastly, I would say, and this is where I want to agree with what david said, but really taking up the challenge that greg baldwin laid down. He said we want to make sure we do as well as we have done in the past if not better. I believe that the design that is before you today on the mall produces a better result than what was originally planned. We create better places, we have in fact better and more consistent senses of how transit works on the -- mall, and I believe that it is an enhancement. Lastly, let me switch to my other hat, and that is a member of the steering committee. Madam mayor, of your steering committee. The committee has been sheparding this process since january of last year. Obviously we all applaud the work of the citizens advisory committee, which met all those early morning hours. And really solved the problems that I think we all saw. But really produced not a dumbed-down version, but a better version, and has been terrific. But that work along with the planning commission, allowed us at the april 23 meeting, I know you were still recovering at that point, but it was a very important meeting where we came unanimously to recommend this set of recommendations that are before you.

**Katz:** And you wanted it to be your last meeting and I recovered fast enough to say no. [laughter]

**Hanson:** We all knew better. Even we may have hoped not. Seriously, it -- I think there are many issues that have yet to be resolved, and it is very appropriate fortunate steering committee to be able to continue. With that, i'll close my comments.

**Katz:** Thank you, fred. Thank you for your leadership. Dan.

**Dan Bernstein, President, Portland State University:** Thank you. Mayor Katz, members of the council, my name is dan bernstein, president of Portland state university. I guess i'm batting clean-up because i'm only wearing one hat today. But i'm here to enthusiastically support the revitalization of the transit mall and the light rail extension. Portland state has been actively involved in the development of the alignment plan with jay kenton as a member of the steering

**May 19, 2004**

committee and debbie murdock has been a member of the citizens advisory committee. We believe that the deliberate process has allowed for public involvement and that the final decisions will result in a vital and enlivened transit mall. Bringing the light rail to campus has been a part of our long-term plan at p.s.u. and our strategy since the city adopted the university district plan in 1994. P.s.u.'s growth in enrollment combined with limited land space requires that the university support a multimodal transportation system to meet the diversities of our students, our faculty and our staff. We're also a campus that is committed to principles of sustainability and therefore, our faculty, staff, and students are consistent users of public transit. Today p.s.u. is the busiest stop on the tri-met system and we don't expect that status to change in the future. Light rail, the streetcar, and improved bus service are all essential elements to the university's ability to attract and to retain students. Light rail's not -- is important to p.s.u. Not just because it will increase transit opportunities for faculty, staff, and students, but it will also be good for business and will further the development of the central city. Our plans have called for increased retail and business creation, and the university district and the light rail will really be another asset that we can use to offer businesses and others interested in being a part of our new neighborhood. I want to thank you for your leadership on this project, and also thank you for your commitment of funding to support this effort. P.s.u. was also committed to being a partner with you and the region and making this exciting project a reality. I wanted to say to you, mayor Katz and members of the council, that we worked together to make p.s.u. a great university for this great city, and this light rail extension is just another stop on that journey. We're glad to be a part of it with you. Thank you.

**Katz:** Thank you. Let me quickly read john russell's letter. There's a request to do that. Do you want to read it, fred? Ok. In the course of my 30-odd years of working in portland, I have seen some truly exemplary planning processes starting with participation in the 1972 downtown plan to being a member of the planning commission during the comprehensive planning process of the late 1970's and the spans of public involvement in metro's 2040 plan. In my opinion, the process of arriving at a solution for how light rail moves through the transit mall is the equal of them all. At the I have beginning as a member of the steering committee I dreaded the likely prospect of entrenched opposing views from a number of different parties. I think he means me when I said, it's over my dead body if we're going to park on the mall. But after we got that out of the way, things progressed smoothly. To my delight and surprise, however, what comes to the council has achieved a remarkable consensus. Everyone agreed that we're trying to revitalize the transit mall and in particular to create activity during the times between the morning and evening commute hours when the transit mall can seem empty. The continuous auto access is vital to that effort as is tri-met's idea of a shuttle service so frequent that a train is visible at all times. Fred hasn't talked about that, but that will come back to the council. There's lots of credit to be passed around, but I think the three are worthy of special note. The mayor and the tri-met for appointing members of the advisory committee who represented all of the different points of view, but who to a person were collegial and open minded. To tri-met, whose flexibility during the entire process was remarkable. It is particularly noteworthy that the final solution is not in fact one of the initial alternatives promulgated by tri-met in this first draft, starting with fred hanson and continuing to all of the involved tri-met personnel, there was a willingness to look at new solutions that less confident agencies might have discarded. Most of all, to the remarkable hard working members of the advisory committee who met nearly biweekly for a year to pour over the details of the alternatives on a block by block basis to give assurance that the solution was workable in both its general sense and as it applied to each of the adjoining buildings. The committee is proof positive hard work is the antidote to entrenched positions. The work of the committee made the recommendations of our steering committee remarkably easy. We really needed only to ratify their findings. I think we can all be very proud of both the process and the result that is in front of you today. I urge to you adopt the recommendations of the steering committee." john, thank you, john was -- spoke eloquently at

**May 19, 2004**

the committee about the landscape, and we learned a lot about trees and we'll continue to talk about how to trim trees. Thank you. Ok. Let's open it up to public testimony.

**Richard Whitemore:** Good evening, madam mayor and members of the commission. My name is richard whitemore, an attorney with bullivant houser bailey in Portland, appearing tonight as a member of the board of directors for the university club in Portland. My purpose in appearing with your indulgence is to read a very brief letter which I believe was previously sent by our president doug pugh to chris with regard to the station nearest the university club, which is the pac west station. "i am writing to reaffirm the university club's strong preference for a design of the planning light rail stop on southwest sixth avenue between southwest jefferson and madison that includes the following features. A right side light rail stop, a third lane for through traffic on the left side of the street, and a pull-out to accommodate trucks for unloading to service to the university club, the ambassador condominiums and the retail outlets at the center to be located approximately in the middle of the block but as far south as possible within this general location so as to minimize any sidewalk reduction affecting the ambassador. The university club leadership has been actively involved in the mall revitalization project. We have met formally on three occasions with staff representing this project, most recently with staff representing the transportation and urban forestry elements as well as project coordinators to explore options for this block that would preserve a truck pull-out. The university club has consistently requested this pull-out through the proposed elimination of the existing on-street parking in this block which now helps facilitate numerous deliveries to the club which it receives six days a week. It also facilitates delivery to the ambassador condominiums. Due to a combination of factors including grade changes, circulation patterns and other factors, the mall project staff are familiar with, truck deliveries cannot be affected from the parking lot at the rear of the club, the entrance of which is on jefferson. We understand the citizens advisory committee has adopted guidelines which recommended the club's special needs be considered through further study of this pull-out at this location, and we hope you will keep this hardship in mind when considering design alternatives for the block."

**Katz:** Thank you.

**Peter Gray:** Mayor, members of the council, i'm peter gray, representing the u.s. General services administration out of auburn, Washington. As you may know, we have a relatively unique property that will be impacted by this proposal, and as our partnership has over the last little while been tested every so often and questions have risen about the federal government's position on this proposal, we wanted to allay some of those concerns and questions and come to you tonight. The northwest region of the u.s. General services administration is pleased to support the planned expansion of the light rail system in Portland's downtown transit mall. As you know, g.s.a. Regional administrator is a strong supporter of the region's light rail program, and believes that the resulting mass transportation economic community and environmental benefits of light rail are a positive asset to the community. That said, and to limit time, i'll cut to the chase. As you do understand, we have some specific security requirements for federal properties, and g.s.a. Managers the pioneer courthouse property, and it is protected by the federal protective service of the department of homeland security. We are a task to provide both for openness of federal buildings as well as security. We certainly would have preferred the plan a option, which would have allowed the stop to be across the street from where pioneer courthouse is. By doing so, that would have allowed us to meet the requirements we have for a blast setback for pioneer courthouse. However, we have listened to and understand we believe the planning rationale for why you would like to -- your group has recommended plan b, primarily with the stops being on our side of the street and out of a spirit of interest in helping you and tri-met meet the goals of transportation, we're willing to support plan b. We do, however, state that has some contingencies along how active our support can be. G.s.a. and the federal protective service would like to have active input when it gets to that point for security reasons on stations stop design for fifth avenue at pioneer courthouse,

**May 19, 2004**

including any design of structures. We would like to also have active input for security reasons on the station's top design on sixth avenue and we strongly prefer that for federal security reasons there be no structures at the station stop on sixth avenue at pioneer courthouse. In addition to the necessary security rationale for this contingent support of plan b, we do believe that having no structures on the sixth avenue station stop would provide an additional community benefit that being to more clearly communicate and celebrate the dynamic connection between pioneer courthouse square and its namesake, the historic pioneer courthouse. We also support as first suggested by members of the study group, removing some select street trees along sixth avenue on our property to enhance viewing of the pioneer courthouse from pioneer courthouse square and adjacent downtown areas. And finally, we do request some ongoing discussions with you to permanently close the now abandoned public restrooms on the corner of sixth and yamhill. Thank you.

**Robin White:** Good evening. I'm robin white, Portland. Actually, i'm here tonight specifically not to talk about the technical aspects of the program which I would like to go on record saying we support, the proposal that's being -- in the design concept presented to you tonight and commend all of the combined staffs of all of the agencies that have involved, the advisory committees, and all of the people that have put so much time into arriving at a concept that we can all agree on. I'm here tonight instead to really underscore how important we feel this project is, and to put things in perspective i've handed out a transit mall construction listing of the buildings that have been built along the mall. As you can see, in the -- from the 1960's to the 1990's, locating a building on the mall was a very prestigious address. We had in that time close to 1.9 million square feet of office space built along the mall. Since 1990 we've had one building built on the mall. That was less than 300,000 square feet. Conversely, if you look at that time since 1987, we've had like 1.6 million square feet of new office space located just off the mall between one and four blocks. That's not due to the fact there's no spaces available. There's certainly locations available, it's that the developers have made the decision to locate off the mall, get the benefits of whatever the mall would offer, but not deal with the problems that the mall offers. So actually, we believe that this project is so important and the success of this project is actually because it encompasses all of the elements including development, business, transit, pedestrians, bicycles, and in fact the buildings are included in the whole concept design and the concept of what we're doing. We see this is an opportunity for giving the mall, or the heart of the city, back the glory that it had back in the 1960's and 1970's and 1980's, and we want to be a part of that. Although it was not mentioned directly, our building owners are in fact another component of funding this project through the l.i.d., and because we think it's so important, I want to offer our assistance in garnering the support for the l.i.d. and for the project from the building owners and managers. Thank you.

**Katz:** Anybody else want to testify that didn't sign up? Ok. These are our last two.

**Greg Peden:** Good evening, mayor Katz, members of the commission. Greg peden with the Portland business alliance. I'll be really brief. Things have been pretty well covered. First, as a member of the citizens advisory committee, it was just a fantastic experience to be a part of. I've learn add tremendous amount from the other members of the citizens advisory committee. Most significantly in that process, which is one that i've not been before, every time we ran into clash between different constituencies, but seemed like the technical staff, the tri-met staff, came up with technical solutions to those political crossroads. And that was a really remarkable process that we were able to iron out those differences, and it was quite successful. Secondly, I think the wholeheartedly endorse the design we've got before us, and the p.b.a. Is behind it and supports it and is very pleased with the process, and glad to be here and part of the team this evening. Thank you.

**Katz:** Thank you.



**May 19, 2004**

**Tom Shimota:** Good evening, mayor, commissioners. My name is tom shimota, I represent the pac west center, 1211 southwest fifth avenue. I'm not going to be as brief as greg was. I've got a couple of concerns that are on my list. First of all, i'd like to talk about funding or not even talking, but raise a couple of questions. In looking at the funding for the total project as a whole, I can't help but notice the inequity that lies between the regional portion of the project and the counsel town portion of the -- downtown portion of the project. As we look at the funding between metro, tri-met, the state of Oregon, there's a tremendous imbalance between what's going on on the 205 corridor between the 205 corridor and the north-south light rail portion of the project in the c.b.d. I raise that question for your consideration. The other thing i'd like to talk about on the funding component is the l.i.d. We were presented with a preliminary draft of an l.i.d. assessment today, and I again raised the question, we're talking about a 20-year allocation or assessment, and in looking at it, it -- I don't think there's a truly equitable way in which to assess the properties within that l.i.d., but I also would challenge you that we've been talking about this project for the last two-some years, and now we're down to a 45-day window in which we've got to develop and sell an l.i.d. to the members of the business community, and the fact that it's quicker, faster, and easier to keep the l.i.d. small, to be able to sell it to the members of the l.i.d. I don't think is the proper approach to take. We're talking about a 20-year assessment and we want to do it in a quick and down and dirty fashion. That's going to take 45 days. Again, conceptually I raise the question. I also want to talk about continuous auto lane. And I say auto lane, the business community showed up in a resounding fashion at the recent planning commission hearing, and endorsed a continuous auto lane, and from what I heard, it was endorsed for the sole purpose of trying to enhance the retail viability on the transit mall. And as time has evolved, we've now embraced the concept of the multimodal lane that's going to accommodate bikers and roller bladers and everybody else, and I want to just remind everybody the reason that the business community embraced that continuous auto lane and that was the thought that with automobile access and with parking along that automobile, a along that transit mall, that people might actually come into downtown, park, stop at the retail destination, pick up their goods, and go back on their way. And I just don't know if the roller bladers or bicyclists are going to create that retail viability that we're looking for.

**Katz:** Your time is up. Did you have another point?

**Shimota:** I also I guess wanted to reiterate our request for parking on the university club side of sixth that we have requested before. I think it solves a lot of the problems or concerns of the people at the university club, pac west center, and the ambassador, and I also want to challenge tri-met as it relates to buses, to continue to move in a greener fashion and make the buses on the mall less objectionable.

**Katz:** Thank you.

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

**Katz:** Thank you. Does -- grant, do you want to -- thank you, gentlemen. Do you want to respond to some of the issues that we just heard that needed a little bit of punch? Steve, do you want to -- or doug?

**Williams:** The issue came up about parking and pull-outs adjacent to the ambassador apartment and university club. That's something we're working with them on, trying to come up with a solution, and we're committed to trying to find something that works for all parties. And let's see. The no structures on sixth avenue that were raised by mr. Gray with g.s.a., that was something that is new to us. We've been working with g.s.a. on some of their security concerns and issues with the station there on -- at pioneer square, and we can also look at some of those other issues involving removing select trees and abandoning the public restrooms. I'm not sure if we've dealt with those issues yet, but we would be committed to taking a look at those if we haven't at this time. And, let's see. The issue about regional funding versus downtown funding. The difference between the two projects I think is somewhat reflected in the funding strategy for this. The 205 extension from

**May 19, 2004**

gateway to clackamas town center is pretty much an exclusive light rail project. When you look at the transit mall, it's bigger than just light rail. Light rail is a key component, but it's bigger than that, it has to do with the bus service, automobile access, and revitalization of the entire mall. So the project is much broader in scope and is much more of a downtown focus versus the regional focus that the i-205 focus is. But tri-met and metro have stepped up to fund the downtown portion of it, and we do have a 4 \$4 million gap we're going to be working on, and I know both tri-met and metro are willing to step up and help fund the gap that exists for the downtown portion as well as the gap that exists for the i-205 portion. And I think that pretty much covers it.

**Katz:** Doug?

**Doug Oblatz:** Doug Oblatz, project manager. On the l.i.d., we're working very actively right now with business alliance to develop a concept for the l.i.d. The main sticking point right now is the size of the district and we're building on some experience that we've had in the past with using the l.i.d. process that was used on morris and yamhill that. Was the first time it was used for transit improvement. It's been used twice on the streetcar project. So we have some bark ground and precedence to fall back on. Really the issue is whether the district is relatively constrained, that is several blocks on the side of the mall or whether it's expansive and takes in a large part of the downtown. There are pros and cons on both sides. I think our meeting today which mr. Schmoto referred to, really was built around the question of equity and trying to come up with a fair allocation of a very substantial sum of money, when you look at the amounts that are going to be allocated, like the building across the street, you can see where the property owners are very concerned about inequitable allocation approach. So that discussion is going on right now. We do have a sense of urgency in that we have an f.t.a. funding process we need to comply with. We would love to have more time, but we're working right now to get the conceptual approval so we can move forward and bring something back to the council this summer.

**Katz:** Steve, did you hear anything you wanted to comment on? Does council have any questions of staff or anybody that testified?

**Saltzman:** I was out of the room for a bit, so if this has been covered, tell me to shut up. What do we mean by greener buses? Did anybody talk about that?

**Williams:** Well, specifically we're looking at buses that would be much quieter, of course, and also less polluting with exhaust and the fumes that come from the exhaust. I don't know --

**Saltzman:** Have we looked at biodiesel? Anything like that?

**Williams:** Neil mcfarland is in the audience. He might be able to address those issues.

**Saltzman:** I thought neil might be able to --

**Neal McFarland, TriMet:** From our standpoint, what we would look at over the next 10 years is gradually beginning to buy an increasing share of diesel electric hybrid buses, and that seems to be the technology we're demonstrating to buses in the fleet right now, we're working with the manufacturer to smooth out the bugs and hopefully get those into the regular production cycle. And it would be our commitment over time to buy more and more and more of those buses and to sign those buses to the routes that frequent the mall.

**Saltzman:** Are those buses capable of using biodiesel fuel?

**McFarland:** That's a good question. I don't know the answer to that. I do know that other properties have experimented with biodiesel and have had difficulties with it in terms of primarily a refining issue, I believe, in terms of the fuel itself.

**Saltzman:** Thanks.

**Katz:** Further questions?

**Sten:** Just one. I think it got answered, but I wanted to confirm it. I'm happy with all the work that's been done. I asked questions last time about the speed of the buses. The design is great, the concept is great, just making sure the buses get through quickly is critical. If we lose bus ridership

**May 19, 2004**

it screws up the whole mix-up. Where are we with the frequency of the bus stops? There was talk about changing that a bit.

**McFarland:** Currently the buses stop every two blocks. We'll be in the primarily the position of a four block-stop as we implement this project. So there will be a slightly greater walk for the average customer, but we're also believe that that's not very long and if you look at overall with the short blocks in downtown, that's still a very reasonable distance.

**Sten:** Is there flexibility in it, or a mechanism to watch that? Because frankly, that worries me. I know -- I think it's easy to say as a long, long time bus rider it's easy to say four blocks isn't much, but I think it's going to bother people. I think people are not going to like the extra stretch of two or three blocks who are used to be able -- being able to get off very close, and if you're on the wrong side -- i'm not saying it's a killer deal, but I hope we can keep an eye on that. Before we build it, think about, if it does end up being a problem and we're losing bus riders over it, what are some of the fixes for that. I trust you're looking at that, I just want to put that on the table. You can't do everything, I get that, but I think it's one of the real benefits of the mall, you don't have to -- you just know you can pop up there and with two blocks you're always within one block of the bus you're looking for, and there's something about that that I think is very special to people, and i'm predicting a little bit of a backlash from that. I wish I wasn't.

**Williams:** We'll definitely be monitoring that. I know tri-met, they take a lot of -- collect a lot of data about service downtown, so -- and quite a bit of it can be anecdotal, but whatever we hear and whatever we determine through collection data, we'll track that.

**Sten:** I'm not saying i'm unwilling to walk two blocks.

**Katz:** Further questions by the council? Thank you, gentlemen. Doug, I want to recognize you. Doug was the project manager who guided this effort, and it was the first time I had worked directly with doug on a project, and I must say it was all congenial, willing to look at, the same I can say for tri-met and neil mcfarland, so thank you. He had a team of francesca and kim, are they here?

\*\*\*\*\*: Francesca is here.

**Katz:** Tri-met team was led by neil mcfarland, dawn, and alan. Are you here? Raise your hands. Public outreach efforts led by ann becklund with tri-met, wendy smith, she's still here, and kay dannon. Metro team led by richard brammond, and ross roberts, and dave unsworth. Urban design work by greg baldwin and z.g.f., jane, steve, joe zehnder, staff of bureau of planning, and any other staff of pdot. Community members for their review and during this process, thank you, the a.i.a. Urban design committee, the pedestrian advisory committee of the city of Portland, and the city of Portland bicycle advisory committee. There was one piece, and I won't say anything on the vote, there was one piece that was referenced that I need to place a little closer effort, and that's the development piece. In the 1970's, when the transit mall was built, I complained that the mall was dead after 5:00. Everybody got on the bus, disappeared, and the activity was on broadway and not on the mall. And there were retailers that were willing to keep their stores open, but there wasn't anybody there. And we need to be very deliberate about identifying the potential development opportunities, especially around our public spaces that are tied to the notion of rooms. There are spots on the mall, and those development opportunities are in the design book that you have, and we'll need to have some very strong conversations with the Portland development commission and with the owners of the building and the real estate brokers that they hire to lease those places, because there are wonderful opportunities for leasing some of those street front buildings, and we're not really utilizing it. So it's something that i've talked about for a long time, and quite frankly haven't been successful. It's not an easy task, but now that all of these resources are being pulled together and people are contributing significant amount of dollars, especially the building owners, the development of those sites and opportunities is absolutely critical.

\*\*\*\*\*: Thank you, mayor.

**Katz:** Ok. Roll call.

**May 19, 2004**

**Francesconi:** Just briefly, the Portland mall is like the main artery here that sustains the energy and vitality of our downtown. And our downtown's getting fragile here, with the competition from the suburbs, with some other issues in terms of the cost of doing business. We really do have to make it a better place so that there's more value for our businesses and our offices, and more residents, too. So this is one of the best projects I'll ask 20 years, and we need to do this. And we need to do it collectively, and it will also connect to the whole region. So this is also a terrific thing because it sets the stage, and it -- to light rail expansion to brooklyn and the inner southeast side as well. So this is a terrific thing. And it also allows us to create these urban rooms, as the word, but -- where people of all income can benefit and be drawn to our central city. So I'd just like to also thank the steering committee for their work. I'd like to especially thank the citizens committee, because it was really at the citizens committee level where the compromise, not compromises were worked out, where the better design was -- came up that allowed a consensus to form that was ratified by the steering committee, but it was done at the citizens committee. So that was a terrific effort. One of the best citizens committee that I've heard of or been associated with since I've been here. And then I'd also like to thank the staff who really allowed -- gave the information that allowed the citizens to do their work. That was brant williams, but it was also steve Iwata. I want to thank you for the work you've done on this and for your education of me and the citizens as well. Neil mcfarland and tri-met, tri-met deserves special recognition here, all the folks at tri-met, because this was their -- they have taken the lead on a lot of these design issues that were needed to help make this happen, as was said here. And it's a privilege for me to be able to work with the high quality of folks at tri-met and at pdot that have really set -- and at metro that have set a national -- international model of how land use and transportation work together as evidenced in this project. And finally, to doug for your staff work as recognized by the mayor. Where are you, doug? I want to personally thank you as well. What was nice about it, you were kind of in the background. Like a good community organizers, your ego never got in the way but you were always in the background making sure this thing came together. So thank you to all of us. Now we -- on the funding side, now it's our responsibility to work collaboratively to make the funding happen, and commissioner Saltzman, I appreciate the conversations we've been having, so a variety of folks are trying to do their part to contribute to this, and I appreciate mayor, p.d.c., stepping up, and that's good. B dot, we're doing our part to make this happen, the property owners are making this hatch, so now we've got to get this thing funded. So that we can start putting things in the ground to start moving this thing forward. Because I am concerned about the extra jilt of our downtown. So we need to get moving on this. Aye.

**Leonard:** Aye.

**Saltzman:** I want to thank the many people who have helped to weave together a truly visionary and very much keeping in Portland spirit of bringing people together to really push this -- push our transit mall and refurbish our existing mall to its logical next destination, and that is Portland state university and to really position it I think well for future extensions, whether they be south on the east side of the river, south on the west side of the river. So this is a very attractive project, it highlights all the elements of design that I know the mayor and I think all of us care so much about, certainly the mayor as task master on the design elements, is ensuring a high degree of excellence with people like greg baldwin and others involved as well. Thanks to you all. This is an exciting project, and I hope we can roll up our sleeves and get all the dollars necessary to make this a reality. Aye.

**Sten:** I agree, let me add my thanks to mayor Katz and tri-met, metro, and the business owners downtown who have really helped. This is really a terrific conceptual design, I'm just absolutely delighted to vote for it, and eager to help you try and work together to pull it off. I think it's -- questions on the bus, I think the transit mall still works dramatically well for its function of getting people in and out of downtown. If you -- it's the amount of people that catch the bus down that

**May 19, 2004**

downtown that allows the entire downtown to work, the parking ratios, the office, everything. That's the key. Those folks probably won't switch to light rail. So my worry had been, in doing what I think will be a terrific piece for the region, which is linking up the light rails and doing all these pieces, and what I believe will be a very strong reinvigoration of the function of in terms of the downtown, the buildings, the plazas, the spaces where people can be, that we not lose the function of getting people through on those buses. And what's happened over the years I think is the bus functions stayed strong but the other pieces have not reached their vision, and just to be blunt, I think this concept you've brought forward really nails it. I think this is going to be exciting people, and I think just as the -- I believe eventually the terrific interstate line that just opened will -- it's knocking on the door of Vancouver, Washington, I think they'll open it before we're all -- with this. I think this will also help build support, because people will be able to get in and out of downtown and go all the places they're going. As much as you look at these things, the reality is there is a magic to the rail. People who don't ride other things will ride the rail, so the trick is to push all these pieces together and you can't pull off something big without a strong concept and a vision, and this is really beautiful. And I vote aye.

**Katz:** I want to thank two members of the council who had a long night last night and who came in early this morning and stayed late tonight. After a very important day for them. So thank you very much for being here, and for your attention. Aye. [gavel pounded] thank you, everybody. We stand adjourned. Tomorrow we'll be back at 2:00.

At 7:44 p.m., Council recessed.

**May 20, 2004**  
**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.

**MAY 20, 2004            2:00 PM**

[ Roll call ]

**Katz:** I believe commissioner Francesconi is on personal leave. All right. Let's take 556.

**Item 556 and 557.**

**Susan Hartnett, Bureau of Development Services:** Good afternoon, for the record, i'm susan hartnett, i'm with the bureau of development services and i've been the project manager for the code maintenance 2004 project. I think madam mayor you do want to take both of those items together, because you'll take testimony on both of them and then you can discuss them separately and take a separate vote.

**Katz:** Ok. 557.

**Hartnett:** Thank you. I do have a short power point presentation. I'm not going to take a lot of time as i'm sure you've all seen, it's a fairly hefty package of amendments to title 33. I do want to go through a few things so that you're aware of a couple of items. First of all, I want to share with you code maintenance 2004 is the fifth annual package of amendments to title 33. This began as part of the blueprint 2000 effort, and it is now one of several efforts that make up the annual regulatory improvement work plan efforts. The planning commission held hearings on this package of amendments in front of you in february and march of this year. They did vote unanimously to forward to you the amendments in front of you. I will mention as an aside there were two amendments they did hold back, they have since had additional discussion on those, and they are now forwarding those to you. So I will be back to you with yet another package of code maintenance 2004 items, probably sometime in about 60 days. The planning commission's recommendation is presented to you in two separate packages. One is called part one of two and the other is part two of two. The part two of two contains just the amendments to this central city plan district south waterfront subdistrict, and those have been separated out into this individual document with a separate ordinance which is presented to you as an emergency ordinance, and that's been done that way because there are some timing issues related to the pending construction in the central district that require us to get these changes in place as quickly as possible. So that's why they've been separated out and the difference between the two, one is regular and one is emergency. The package contains about 75 amendments combined, five in the south waterfront and about 70 in the other one. They're primarily technical amendments intended to clarify, clean-up, eliminate conflicts, in some cases reduce the need for land use reviews in those circumstances where typically we're approving them and we figure we can make amendments to the code that continue to implement the intent but don't trigger the need for a land use review. I do want to clarify the expression "minor policy." we talk about minor policy amendments as those that have some minor implication to existing policy. They are not, however, like the minor policy items like you see in the policy packages, which can actually set in new policy. Code maintenance items are not intended to set new policy. They're simply intended to rebalance or clarify conflicting policies and how they show up in the implementation on and -- on an ongoing basis. We are going to try and find some better wordings so that we don't end up with this confusion, particularly for the public. The public gets a little concerned about what do we mean by minor policy. In part one of two, there are 13 of these minor policy items. I'm going to highlight two. One is on medium truck parking and the other is on radio frequency transmission facilities. In part two of two, there are

**May 20, 2004**

actually no amendments that we considered minor policy, but I am going to highlight the creation of a new map called map 510-17, south waterfront 2002 top of bank line, because there's been some amendment requests submitted on that. So let me talk briefly about medium truck parking. In residential zones, the only vehicle that are allowed to be parked right now are passenger vehicles and light trucks. Now, medium trucks are those that have a single rear axle and dual rear tires, but they specifically exclude truck tractors and medium trucks are prohibited from parking in residential zones with the exception of motor homes that fall into that category. A medium truck is a vehicle that has one rear axle, so it has a front axle and rear axle, but on the rear axle, there are two tires on both sides. So it has four tires on the back of it. In the medium truck category, pickup trucks that have dual rear tires, they're typically called dualies is the common expression for these vehicles, have begun to be used more and more frequently for -- by households for both general commuting needs, but also for purposes of towing things like fifth-wheel recreational vehicles. And the prohibition on parking any medium truck except for a motor home has created some compliance issues in the residential zones, and is actually in this some cases has become a neighbor-to-neighbor weapon getting code compliance involved. So we're trying to clean that up a little bit. What the proposal will do is allow only pickup trucks in the medium truck category to be parked in residential zones. So we're not opening it up to all medium trucks, and I'll show you some pictures in a minute, but we are trying to make an exception for the kinds of medium trucks that are being used by households for their general commuting purposes. So here are some examples of vehicles that are currently allowed. These would all fall into the light truck category. And you'll note that on the rear axle, all of these have only a single wheel, so they are considered a light truck. The one exception in the residential zones is for a motor home, so this is a motor home in the medium truck category. It's a little hard to see, but the rear axle has two tires on it. So this would fall into the medium truck category. This is allowed to be parked in the residential zone, but it's not allowed to be parked between the street and the building line. The notion being a vehicle of this size we like to keep it back behind the building line so it's not impeding the pedestrian areas, that kind of stuff. Examples of vehicles that would be allowed if this amendment goes through, you can see, again, these are very similar to the light trucks you saw in the first slide. The difference being that on the rear axle, they have two tires on each side. And just as a counter to that, these are examples of trucks that -- or other vehicles that fall into the medium truck category, but they would not be allowed because they are not pickup trucks. So we've been very clear in language to say pickup trucks in the medium truck category will now be allowed. So a school bus, or tow truck, or flatbed are not going to be allowed. So that -- we heard -- there was testimony concerning this at the planning commission, I don't know if you'll hear any today, but I did want to clarify what that amendment was all about in case that came up.

**Saltzman:** On-street park something.

**Hartnett:** Title 33 only speaks to the private property limitations. Title 17 also has similar prohibitions, but I believe medium trucks -- they would follow what we're doing here, I believe. We're dealing with just the private property in this. Let me talk briefly about radio frequency transmission facilities. Currently the zoning code uses 100 watts effective radiated power, or e.r.p., as the threshold for where certain regulations, certain reviews kick in. That is a number that is inconsistent for a number of reasons, one of which is with f.c.c. regulations, and the proposal in front of you has a number of amendment that's would change that from 100 watts e.r.p. to 1,000 watts e.r.p. So the reason we're proposing that is first of all the inconsistency with the f.c.c. regulations, the fact that these -- this threshold is not consistent with the council's adopted utility franchise policy which is seeking to move as many of these facilities as reasonably feasible into the right of way and hopefully diminishing them over time on private property, and then the last issue is that that 100 watts threshold creates an inequity for some of the cellular phone providers. I'm going to let sylvia answer any -- sylvia cate answer any technical questions you have, but I want to let you

**May 20, 2004**

know in general the proposal raises the threshold from 100 watts to 1,000 watts, it does create a new requirement for a type one review for equipment cabinets or other shelters associated with r.f. facilities in the right of way that are located on private property, adjoining private property. The idea is that in some cases the equipment that's associated with the actual transmission facility can't be placed on a pole for various reasons, it needs to be placed on abutting private property. Right now in order to place the facility in the right of way and then place the supporting equipment on private property, you're triggering a type three land use review. So we're trying to make it easier for providers who want to put them in the right of way to put them in the right of way. I want to mention that you've got a number of letters that have come in, I believe there's a letter from verizon, one from t-mobile, one from tera quest, I think those are three you received. I also want to mention that we have had a request and we would like to propose separating out the individual radio frequency transmission amendments into a separate document with its own ordinance adopting it and bring that back to you as a separate package, along with the other amendments. So basically splitting part one into part one-a and 1-b. That will allow you to vote separately on the r.f. amendments from the rest of the package with the possibility of an appeal we think it will be cleaner and easier for the rest of these items, given that there's 80 amendments, we don't want to potentially hold up the whole thing with an appeal. So we would suggest if the council would like to see this, bring this back in two weeks. With this was just a decision we made or we would have done this earlier. So I want to make you aware of that right now. The last thing I want to mention is in the south waterfront in the part two of two, the top of bank, council's adoption of the south waterfront plan in october 2002 included a specific directive to the bureau of planning to implement a map of the existing top of bank. The reason behind that is to allow developers to have certainty about where the top of bank will exist, and at the same time, encourage them to lay back the bank and create a more natural riverbank. I'm sure many of you are aware that in the south waterfront district it's a man made bank, it's very steep, it's not particularly conducive to habitat areas both in the water and on the -- along the bank, so the idea that a developer could lay it back is a good notion. The problem is that the development regulations are tied to that marking of top of bank. So if they lay the bank back, they move the top of bank landward, and they end up losing developable area. The council's idea was makes it a fix line, and that's what this map intends to do. The map on the easel shows you, it's a little hard to see, but it shows you the original line that was shown in the planning bureau's planning maps, that's shown on there as a pink line, and along with that is a yellow line which is what's in front of you. In most cases they are almost completely coincidence, so they lie one right on top of the other, which is part of the reason you can't see it. There are a little -- three exceptions to that. One is the two outfalls on the north side, one of them is just south of the ross island bridge and one of them is about three-quarters of the way between the ross island bridge and the marquam bridge. Instead of going around those outfalls, since they are sewer -- sewer outfalls created by man's intrusion, they are pretty much devoid of habitat support right now. We thought it made sense to give the opportunity for those to go away. The other place where it's a little different is around the barge, the marine bar slip, and in the original planning maps it was shown as about two feet above ordinary high water. The planning commission's recommendation to you brings it farther in and follows what would be the top of bank if you use the zoning code's definition of top of bank. We do not have a bureau of -- office of transportation survey in that area, we do for the rest of the area, which is what the line is based on. So in this area we use the definition. You do have in front of you a letter from ziedel asking you to put the line across the mouth of the barge, and it's in -- it's shown in a drawing attached to their letter.

**Katz:** Does that mean in the water?

**Hartnett:** Correct, over what is existing water. So those are -- that's something you may want to think about whether you want --

**Katz:** Was that presented in testimony before the planning commission?



**May 20, 2004**

**Hartnett:** No, it was not. It was not. So the last thing I want to do before I move on, you want to note there are two staff proposed amendments. I'm very sorry to do that, but in the -- the first one has to do with the radio frequency transmission facilities. Based on the conversations that staff has had with a number of providers, it was clear to us that one of the things that was of concern to the service providers is some language that we've added where we are requiring them to document why a facility is not being placed in the public right of way. And this is in a couple of different circumstances where a review is already required, they have other criteria they have to meet, we're asking them to provide documentation. There was some concern that this was going to be used as a way of preventing facilities from being put in if they didn't sign on to the franchise agreement, that it was going to limit choices. We wanted to clarify that's not the intention. We simply want some documentation. It is the city's policy to try and put these facilities in the right of way. It's a reasonable for us to ask them to document it, but we wanted to clarify that it's not being used as a way of foreclosing the opportunity to put them on private property. So we're proposing to add some language to the commentary. It's specifically adding to the commentary on page 176, and it adds a line at the end that says, "however, the range of reasons why a facility cannot be located in the right of way, including but not limited to pole height location and availability, the feasibility of placing the facility in the right of way, the lack of assigned agreement with the city and the applicant's business preferences for placement on private property." so we're trying to --

**Leonard:** Do you have that in writing?

**Hartnett:** You should all: Have it in front of you. I believe sue distributed it before the council session. So the intention again is to clarify in your legislative intent how this code language should be applied and it would be applied that way. The other --

**Katz:** Excuse me. And why are you doing this again?

**\*\*\*\*\*:** Why are we asking for the --

**Katz:** Why are you asking for this amendment?

**Hartnett:** Just to clarify. I don't want to say it's an unfounded fear, I can understand why the service providers might be concerned. So we felt clarifying the legislative intent should provide some comfort for them. I believe some of them have been found it acceptable and some have not. I think you'll probably hear from a couple of people this afternoon on that issue. Ok? The last thing I want to mention is the second amendment staff is proposing. This is an error we discovered this morning. We had an applicant come in this morning and propose a new development that would be subject to some changes in the pedestrian standards that were -- that we're amending, and we discovered that we inadvertently dropped out some existing text from the code. That was not our intention, so we're proposing that in three sections which i've listed on this memo and on the pages that i've listed, we would simply add a new subparagraph 3, which reads, "exception for household living, buildings or sites where all of the floor areas in household living are only required to provide a straight line connection to one main entrance." and again, that's what the existing text says, we just inadvertently dropped it out. So the last thing I want to mention is that as it is with a legislative decision, I have brought the public record for this project in its entirety. It's in the white box sitting in front of katherine beaumont. This slide documents what's in there, if you have any questions about specifics in the record i'd be happy to answer that.

**Katz:** Why don't we take public testimony, and I think there will be a lot of questions and then we'll bring you back regarding your amendments, because I need to really understand what we're saying there.

**Hartnett:** Sure.

**Katz:** Is that all right with everybody? All right. We'll educate ourselves after we hear the public testimony.

**Katz:** We also got an email from amanda fritz on another issue that you didn't mention, so we'll bring you back, because there's -- there's discussion on that. Ok. Let's start.

**May 20, 2004**

**Katz:** We're doing testimony on both at the same time, so when we're finished, we're finished. All right. Who want to start?

**Steven Top, 12566 SW Bridgeview Ct., Tigard:** I'll go ahead and start. My name is Steven Top, southwest bridgeview court, Tigard, Oregon. This is with respect to the wireless communication facilities proposed changes. I want to apologize to staff that I didn't get comments to them earlier. It's my own schedule that prevented me. The first thing I wanted to indicate was that while it's a given that the right of way, something that occurs in the right of way is exempt from the zoning code, most people when they refer to the code and looking in the radio frequency transmission facilities chapter, it would be nice to have something in there that points out that anything that's being done in the right of way is exempt from that chapter. It's just an advisory note to people so they aren't looking for it. I'm suggesting maybe facilities exempt from this chapter 1, located within a public right of way. The other --

**Katz:** Do we have your testimony so I can follow it?

**Top:** I don't have written testimony, I'm sorry.

**Katz:** So Susan, keep track of his comments.

**Top:** I'll talk to Susan afterwards to give her specifics. The other thing is under 33274040 c, 1-10 no changes, item number 9 of the code requires landscape buffers around the equipment cabinets or any ground equipment. It doesn't make or allow provision if we put it inside something that looks like a tool shed. If we have a right of way pole with a facility on it, the antenna, and we have equipment on the neighboring property in a residential zone, but it's in a tool shed that looks like a tool shed that's in anybody's back yard, you'd have to have a 15-foot landscape buffer around that tool shed. So I wanted to see if that can be somehow modified or amended to take care of that.

**Katz:** This is existing code language?

**Top:** Existing code.

**Katz:** We had that conversation about landscaping around those kinds of sites, if I recall correctly.

\*\*\*\*\*: [inaudible]

**Katz:** Go ahead.

**Top:** The last item that I want to talk about is 33.815.225 where it says provide the service, and point of clarification as to whether that's just coverage or if that includes capacity service. And the concern that we have in terms of where she's making the clarification about it's not being used to prohibit you from going elsewhere, there might be instances where a standard 100-foot monopole at one location on a commercial property would give better coverage or equal coverage would have to require three or four power pole replacements at the -- with the 10 to 20-foot height extension of those individual poles. So we could, a carrier could, put four different sites up and have the same coverage, or they could put up one site and have that good or better coverage. And that's the concern we have where if it's being focused, why you can't go in the right of way being used as a reason not to allow.

**Katz:** Thank you.

**Top:** Thank you.

**Leonard:** Which company did you represent?

**Top:** My company is the Alaris group, we provide development services for a variety of carriers, including Nextel, Sprint and Cingular wireless.

**Ron Fowler:** My name is Ron Fowler, I have a little bit of a cold today, but I'm a consultant, I work for AT&T wireless, I've submitted comments under the name of Terraquest International. We support the changes from 100 to 1,000 watts, though it doesn't directly affect AT&T it does indirectly affect them. We think it's a good change, we also support the 2,000 file separation clarification in 33.274.035 b3. This has been a problem for my carrier in the past. The concerns we have largely deal with the section 33.815.225, the particular phrases regarding -- including documentation as to

**May 20, 2004**

why the proposed facility cannot be located in a right of way. This seems to indicate that we have to indicate some sort of a standard of explaining why we're not going somewhere when we've made a decision to do otherwise. We think in this particular case it's rather unique because of the city benefits by forcing us into the right of way through their right of way agreement. So putting them in a case where they are the decision-making body and can actually make a decision that benefits them economically is probably not putting the proper people overseeing this. We think that this type of regulation is ignoring the realities of locating in a right of way, particularly the right of way sites are very expensive, very slow, and even looking through the legislative history that they just passed out, I notice there's no provision, what happens if we can't make an agreement with the right of way provider. So there's several problems with this, and we're not sure that the council should properly be looking into this when they don't look into it for other business interests. I don't think this is a health or safety issue, it's more of a convenience issue, or I would like to think it's not an economic issue for the city. If it's an attempt to control or force everybody into a franchise agreement, that's another issue entirely. I don't think it should be dealt with here. The -- I guess we don't look upon the city as being a totally neutral party, and we would suggest in this particular case this language should be stricken. We don't feel it has adequate definition or anything that we can use as guidance when we're applying, it would be just throwing that up in the air and see if we met our burden of proof. And we don't -- we can't concur with that. It should be a more definitive process. I'd like to know why the city feels this language is necessary or what is their motive behind it. And I've talked to staff, and they don't seem to be able to supply an answer. Why are you requiring us to justify why we're not in the right of way? I'm dealing with about a dozen of these situations right now, locating in the right of way for a carrier, and these sites are, as I indicated, are extremely slow, extremely expensive, and not preferred of the carriers. They do it out of necessity. Not choice. Many so our position would be that we'd like to see this language withdrawn in favor of either a redraft or some other language more definitive and more reasonable for the carriers.

**Leonard:** If I could, I'll explain my own reasoning why I would oppose taking that language out. It has become increasingly clear to me since I've got on the council and paid attention to cell phone towers, that they are not colocated, that there is no attempt to use one location, that the companies put them up within close proximity to each other, and these are towers that appear to be 75 to 100 feet tall, looming over neighborhoods. High school football fields, no apparent concern about the aesthetic impact it has, so for me it has nothing to do with revenue for the city, it has everything to do with something some kind of orderly collocation occur in places where you have edifices that partially resemble cell phone towers. I'm finding it increasingly and frankly appalling to drive through neighborhoods particularly in east Portland and seeing -- if you don't know where I'm talking about. I'm happy to give you the address, seeing precisely three huge structures by three different companies within three blocks of each other. And if there's no attempt by the companies to recognize that that's becoming an issue and do something on their own, then that puts us in the position of having to.

**Fowler:** Companies are doing -- if I can respond to that, the companies are doing something on their own, and have been. We always look for collocations first.

**Leonard:** I would be fascinated to have a list of where you actually collocate. In this city.

**Fowler:** I can certainly provide that.

**Leonard:** I'd be happy to provide you of a list of where you don't, from just my driving around and looking.

**Fowler:** It's driven by engineering design, and the fact there are nine licensed carriers in this city. You can't fit all of them on one pole.

**Leonard:** What I'm suggesting is I don't think there's an attempt to in some areas. I've actually gone and observed them, had hearings on this issue before, and there's no way that you're even

**May 20, 2004**

attempting to do that in some areas. If you are, i'd love to have the locations, and i'll look at them. But I can give you locations right now that stand out like a sore thumb in this city. It's not appropriate. That's -- you said why, that's -- we have three other opinions sitting here, that's my opinion.

**Fowler:** And I guess my position would be still be why the right of way is being the forced issue.

**Leonard:** Because we have telephone poles in the right of way, we have edifices already that are consistent with those uses in the right of way, and for that reason and that reason only.

**Spencer Vail:** My name is spencer vail, i'm a planning consultant, i'm not representing anybody particular at this time, but i've been involved in the wireless industry since the code was first adopted over 12 years ago. I have just some professional comments and recommendations i'd like to make. The consolidation of the frequencies, upping the frequencies to 1,000 I think is long overdue. The technologies that were in existence when we first adopted the code are far surpassed, p.c.s. operators and the upgrade systems require that this type of frequency consolidation be made. I have some of the concerns that mr. Fowler did about the -- what constitutes or would satisfy the criteria for why he didn't locate in rights of way and what reasons would be acceptable and who judged that. I wasn't exactly clear on staff's suggestion for a two-week setover. Was this for additional clarity? What's going to happen in these next two weeks?

**Katz:** Staff recommended and the council hasn't decided, but I think it's a good idea, for a variety of reasons, to separate the frequency sections --

**Fowler:** I do too.

**Katz:** And introduce them separately.

**Fowler:** Ok.

**Katz:** In case there's an appeal, we don't want to hold up all the other regulatory --

**Fowler:** What's going to happen in two weeks? This is like first reading second reading?

**Katz:** We'll come back and we'll start -- we'll have testimony.

**Fowler:** Those would be my comments, unless the council had questions. Specifically i'm glad to see part of it and I have questions about the other. My concerns have been raised by those that have spoken already. Commissioner, i've -- if you want to talk about background in history, I can give you lots of information that may help you on that, but --

**Leonard:** Fortunately I don't have a lot of background in history. I look at it for what it is. And realize they are degrading the landscape of the city. This is something i've been saying, I was on the council a month when we had our first hearing on this issue, and so I made a point of actually going around looking at the proposed site on a football field at a high school, that they wanted to put a tower, then a location i'm still convinced that was closer they could have done in a right of way, not for any reason other than it would have fit there, and it didn't fit on the football field. I then just did a little personal inventory and noticed these things sticking up everywhere.

**Vail:** Sometimes it became a philosophical argument whether one tall one with lots of facilities like the one out in 148th and stark, is less obtrusive than several smaller ones. And it became a neighborhood discussion at the time of the hearing on just which is the more -- which is the proper way and which has less visual impact. Early on when there were two carriers, the word colocation was never known. So some of the older towers weren't designed to take that into account.

**Leonard:** Are you familiar with the 99th and burnside area just on the east side of 205?

**Vail:** Yes.

**Leonard:** What is the justification for that?

**Vail:** It's not one idea I can't really tell you that.

**Leonard:** That's an example of what i'm talking about.

**Vail:** I understand that. Thank you for your attention. If you want to talk later i'd be glad to spend some time with you.

**May 20, 2004**

**Saltzman:** I was just looking at this letter we have from t-mobile, they seem to support these changes, so there's not unanimous --

**Vail:** There's a t-mobile representative here, you can ask him.

**Katz:** Kathryn, I can't see you. If we introduce this as a new ordinance, we need to basically start from scratch again?

**Kathryn Beaumont, Office of the City Attorney:** When it's brought back it will be a first reading.

**Katz:** It will come back as a first reading.

**Katz:** Let's take the two -- amanda, you're not going to talk on frequency, are you?

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

**Katz:** You two gentlemen are?

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

**Katz:** Ok.

**Kevin Martin:** My name is kevin martin, i'm an independent land use consultant specializing in wireless facilities my address is 2495 northwest 1 hundred 21st place, Portland, 97229. I'm here just to talk about the radio frequency, the e.r.p. change from 100 to 1,000 watts. Currently working with a carrier that is doing the simple task of changing antennas on existing sites in the city. In other words, they're going from an 850 megahertz system, they want to add 1900 megahertz, that has to transmit a higher power. To swap out this 850 megahertz panel with a new panel of exactly the same size that transmits at 1900 megahertz we have to go through a conditional use process. The fees alone are \$9,000, the process can take 90 to 120 days. So you can see this change is really necessary to prevent this onerous process. Normally something like that if we were staying at 100 watts we would get a building permit. So I must say that the need to change to the 1,000 watt level is very evident. I would like to suggest that I don't think that that particular item in the r.f. is controversial. Could that be left in the ordinance and adopted now rather than pulled out and start over again? Because we have a client that has 12 of these pending right now, and if possible, they'd love to withdraw those 12 conditional use applications get some of their money back and proceed with their updates or their upgrades to their network.

**Katz:** I'll ask susan when we're finished.

**Martin:** Those are all my comments. Thank you.

**Lance Bailey:** My name is lance bailey, my address is 1500 northeast irving, Portland, Oregon, 97232. I'm the zoning supervisor for t-mobile wireless in Portland. We have submitted a letter in support of the proposed changes. I did want to -- I did have one comment reiterating something that mr. Top had mentioned earlier that would recommend that in the section of the code, current code where there is a list of facilities and sites that are exempt from that section of the code, I would recommend that we clearly state that facilities that are located in the right of way are exempt. I think it would just create some clarity for the zoning code not only for applicants, for city staff as well. We do support the consolidation of the e.r.p. language as well, and I think that was stated in our letter. I did want to make one comment to commissioner leonard's comments earlier about the colocation, and I think that -- having done the number of zoning hearings, I know that issue of colocation comes up, and I think that there's -- you could look at a site by site basis and you would find that there are reasons for why they -- why there may not have been colocation. I would say that working for wireless carrier that it is our priority when we go out to look for sites that we look for colocation opportunities first. We're not really in the real estate business, and we don't want to build as many towers as -- as few towers as we possibly can. So from a policy standpoint, I can say that our company certainly follows that priority. I know there are times when the on the ground reality seems to -- seems a little different, but when you look at the detail and the technical design of the networks at times it's not feasible. So -- if you were interested, I could provide a list of all the

**May 20, 2004**

sites that we've collocated on that are owned by other carriers or other tower companies here in Portland if you were interested in seeing that information.

**Katz:** Thank you. Amanda?

**Amanda Fritz:** I'm amanda fritz, i'm a neighborhood volunteer, i'm here because I care about the long-term public good in our city. And mayor Katz, i'm very glad that you're back.

**Katz:** Thank you.

**Fritz:** I'm a psychiatric nurse, I work at ohsu and I support group homes in residential neighborhoods. People need places to go after they leave the hospital. And the residential neighborhoods are good places for people to live. However, the proposal would allow the buildings for group homes in residential neighborhoods to be bigger than they currently are. So it's a slight error in the email I sent you this morning. I worked four out of the five days at my paying job and I slightly mistook it. On page 23 there's the proposal to allow group homes in residential zones to have 50% coverage instead of the current base zone lot coverage. If we want people to be successful in a group home, if we want new group homes to be acceptable in neighborhoods we need to make them compatible with neighborhoods, and making the house 10% larger is not going to do that. There's still plenty big enough, if you have a lot coverage of 45% in an r5 zone, allowing it -- a group home to be 4500 square feet at two stories is plenty big enough. There's no need to increase that to 5,000 square feet. A 5,000 square foot house in an r5 neighborhood is simply too big. It's not compatible with the neighborhood. Although these are conditional uses, when you get the appeals at council, you have very limited ability to be able to reduce the building size, because if the code says the building can be a particular size, it's difficult for you to say no. Even if it's -- that increased bulk makes it very difficult for the design to be compatible with the neighborhood. So it's strongly urge you to not make that amendment. It's not a life or death thing, but on balance it would be better to leaves code as it is. If particular group homes need to ask for an adjustment, they can do that. I do have a comment on the top of bank map. I was very concerned when that went to the planning commission without any public discussion. Various community groups did review the top of bank map that went to the planning commission and decided that it was ok that they would let it go. If you decide to make any changes, I would strongly urge you to send it back to the planning commission for a public hearing and for property community outreach, because we were very concerned about the process it went in the first place.

**Katz:** We've had a conversation about things that bypassed the planning commission and public review, and then come to us, and I think there was a sense that these items should be going first to the planning commission. But we'll have that discussion with the council.

**Fritz:** I testified at the planning commission, I didn't hear any of this discussion about cell towers, though I did have to leave that meeting early. I would also urge you to remember that these are code maintenance items, they're not intended to set new policy, so if there are a lot of items to do with cell towers that need to be looked at, it would be good to do them in a holistic package rather than piece by piece. Thank you.

**Katz:** Thank you.

**Sten:** In the staff's report describing why they think the change makes sense for coverage, the comment is that these are frequently brought in for changes, or adjustments in terms of the group homes. Do you have any sense that that's -- do you agree with that or not agree with that?

**Fritz:** The staff often makes proposal for change based on the adjustments routinely approved. That ignores the fact that often adjustments are not requested because the -- we should state in the code what we desire. What we desire is for these homes to be similar to the homes that are next door to them. We don't desire for them to be bigger. Because they're residential homes, and we want people to welcome the new residents into the neighborhood.

**Sten:** What would you say if I said, I desire these group homes to be in the neighborhoods, I think there may somebody evidence that they need a little bit more space, and we're setting up a way to

**May 20, 2004**

appeal something that's not a huge deal that maybe people -- gives people a chance to fight group homes on something that's relatively routine.

**Fritz:** You have had some significant fights about group homes, and you've realized how difficult it is to make them designed compatibly if they're bigger. The other thing is that this is a - - only suppose to be minor policy change, and that argument isn't made in the record. There's no evidence group homes need to be bigger, perhaps some of them do, and the adjustments are granted. But probably most of them don't. We could have a whole new discussion on group homes and what the needs are, whether they're better smaller or bigger, how they're staffed.

**Sten:** I'm just going off the sense that if lots of them are wanting an adjustment, there seems to be some evidence they need to be bigger. I understand it's not a complete argument.

**Fritz:** I think the staff's point is that the adjustments that are applied for are often approved. I don't feel that's a compelling argument because you don't know how many were not applied for and the group homes were built to the current standards.

**Sten:** Right. Thanks.

**Katz:** Thank you. Anybody else want to testify? Steve?

**\*\*\*\*\*:** First of all, welcome back.

**Katz:** Thank you.

**Steven Shain:** My name is steven shane, my address is 3121 southwest moody avenue, i'm with zidel companies. We did submit written testimony on the map 510-17, and the question that you asked was correct, we did not present this to the planning commission. Our request is that when we exchange quitclaim deeds with the division of state lands, the division recognizes the bargeway as a private submersible land as it was created out of private property. Very similar to the outfalls that are -- that exist, and as planning commission identifies the straight line going across. There is also an economic impact on doing the meandering line that the planning commission recommends, the longer line which is about 500 feet would create about 50,000 feet of greenway as opposed to what zidel is proposing, which is 14,000 square feet of greenway. The deeper line also takes out about another 11,000 square feet of developable space. When you add it together, it takes about a little over an acre of land out of the south waterfront development, which then is not going to be allowed to be able to -- for any development or create any tif which is needed in that district. Planning commission does have -- susan hartnett and troy doss have done a really superb job on this in working with us from an early snow day to today. Four options, one is the planning commission adoption, one is another line that was identified, one is the zidel proposal, or option four, I guess there's an emergency need to look at south of gibbs street, where there is development, to basically bifurcate this and come back and take a look at the area north of gibbs street and maybe at that time could go to planning commission and have them review it. You're shaking your head.

**Katz:** I don't want to embarrass you, but i'm going to probably embarrass you. Why didn't you go to the planning commission and have that as -- so we have a package here and we have people who could respond to us, maybe dealing with some of the economic and habitat and natural resources issues?

**Shain:** Are my ears turning red?

**Katz:** You're not embarrassed? Let me embarrass you further. I understand you supported the original planning commission line drawn.

**Shain:** We had some discussion about that, that it seemed to be a good solution.

**Katz:** Ok. I don't know if bifurcating it is a solution. It all depends where the council -- I do feel that if the council wants to change that, it probably should go back and -- because there's more than just minor code changes on that particular issue. We'll have susan come back and help us through all this. Thank you. Ok, susan. Let's start with the tower frequencies.

**Hartnett:** I was hoping we'd leave that --

**Katz:** If you have any questions, jump in.

**May 20, 2004**

**Hartnett:** I'm going to ask sylvia cate to come up.

**Katz:** Ok.

**Hartnett:** Let me start with two related issues that came up that I think I can answer fairly quickly. One has to do with a notation about development in the right of way not being subject to title 33. That is of course in title 33. It's in 33.10.030b, and it's very clear about how title 33 does and does not apply to rights of way. It's obviously not repeated in every place that we discuss development in the right of way. We try and keep the code as efficient as possible, and you can see it's already pretty big. So we don't want to repeat language like that if we don't need to. So it is in the code, I don't think you need to add anything related to the facilities we're discussing here. The second thing I wanted to maybe try and address is the mechanical equipment screening. That -- those regulations speak to mechanical equipment that is accessory to a primary use on site. Radio frequency transmission facilities are a primary facility, or primary use, and they have their own set of regulations. So the mechanical screening regulations that we are proposing to amend, ever so slightly, in code maintenance 2004 don't apply to radio frequency transmission facilities and sylvia can tell you what regulations do apply, but I can tell you the ones that they've noticed in this package and are concerned about applying to the adjoining shelter or equipment cabinet would not apply.

**Sylvia Cate, Senior Planner, Bureau of Development Services:** Good afternoon, council, i'm sylvia kate, senior planner with b.d.s. and lead land use planner for wireless communication facilities in the city when they come through land use review. Frankly i'm going to echo what susan just told you. Facilities that are located entirely in the right of way are in fact exempt from title 33 by definition, and I would concur that you don't need to state that in the code again, it's already there, and that's already very clear. If I may just kind of reiterate very quickly here, a couple of points that the industry made to you in their testimony, and i'd like to reiterate that. The first is the proposal to change the e.r.p. threshold from 100 to 1,000 watts. That is a foundation threshold in the regulations that was based on what the f.c.c. allowed cellular telephone facilities to broadcast at, basically in the middle 1980's. Fast forward to today, the f.c.c. provides wireless facilities to operate in a metropolitan area generally at a thousand watts. What we have in reality in the field is a mixture of service providers, some who still maintain that cellular class, and operate at 100 watts, and other providers who operate legitimately with their f.c.c. license above that, but the regulations that we intend to -- which you folks intended to be applied to wireless facilities only get applied to a certain portion of those service providers. So there's inequity in reality, and the telecommunications act of 1996 specifically prohibit local jurisdictions from treating similar providers differently, and that is reality, and inadvertently by having that 100 watts threshold, it's outdated, and by changing that to 1,000 watts, the approval criteria that were specifically developed for wireless facilities would then apply to all service providers coming to the city through land use review. So I would echo mr. Martin's testimony. I think we have about eight type three land use cases in process right now to do something that would be allowed by right straight building permit, except for that outdated threshold. So I would really urge you to consider adopting that.

**Katz:** Are you going to address the issue of separating that out?

**Hartnett:** I would probably address that.

**Katz:** Then go ahead and finish your testimony.

**Cate:** The second item, you've clearly heard that there's a difference in opinion among some of the industry representatives and specific service providers about some of the proposed changes as it relates to facilities in the right of way. I can tell you that the cable office and david solos worked very closely with planning and b.d.s. staff to develop the franchise agreement so it would in general mirror the same sort of aesthetic concerns that are present in the zoning code. As we went through that process, we discovered that the zoning code itself is an impediment for some of the providers to locate in the right of way if their equipment does not fit entirely in the right of way. It triggers a



**May 20, 2004**

type three land use review. And one of the suggested changes here is to knock that down to a type one review. Primarily we would look at the equipment on adjacent private property and either apply the existing landscaping and screening requirements that are already in the code specific to these facilities or in some situations I would anticipate a provider would ask for certain adjustments to some of those screenings because of specific site constraints or topographical screening that's already available. Finally i'd like -- I think steven top in his testimony gave an excellent example, and is really the only intent that we are -- we have, in asking for documentation, when a service provider comes in requesting a new tower, particularly in an open space or residential zone, the current very first criterion, in the current code, it requires the applicant must prove that a tower is the only feasible way to provide the service. We are asking to revise that slightly to also include that they document why the facility can't go in the right of way, and I think mr. Top gave a perfect example, that given topography, signal coverage, objectives, etc., sometimes 100-foot monopole is a better solution than multiple facilities in a right of way. And that's simply the sort of document -- documentation that criterion is requesting. It's not intended to force anyone in the right of way, it's simply asking for additional narrative in the application to just explain further why you're asking for a tower instead of being in the right of way.

**Saltzman:** A type one is a hearings officer?

**Cate:** A type one is an administrative decision with an appeal direct to luba.

**Saltzman:** It wouldn't give the administrative person the ability to simply reject it -- to reject that explanation?

**Cate:** Correct. No. It would -- at this point what we have --

**Saltzman:** Or maybe not use that explanation, but to reject the applicant's demonstration for whatever reason.

**Cate:** No. The type one review would actually be only for the supporting transmission and electronic equipment that won't fit in a right of way, it goes on private property, and we have only the current code to apply to that. But I don't see anything in there that's an inherent denial. You've already got presumably a service provider comes in, they already have permission, and the antennas locate the in the right of way and they need to put their equipment shelter on adjacent private property because for whatever reason, it doesn't fit within the right of way in that particular instance.

**Saltzman:** Ok.

**Hartnett:** The only other thing that I can address is this issue of separating things out. My sense is that it would make more sense if we're going to separate the r.f. Stuff out of the main package as it is, they really should stay together. And one way you could potentially address the sense of urgency you heard from the -- one of the providers is I could bring that back to you as an emergency ordinance. Were a short implementation date. So we could essentially catch up with today being a first reading. So if I bring it back to you in two weeks as an emergency ordinance, I can give it a two-week implementation date, I would have the same effective date as if you would had -- would have the first reading today. I do wanton point out that that means there's going to be like three implementation dates for the coated maintenance package -- code maintenance package, which honestly is more of a challenge for the d. Development services center staff, but if it -- if you wanton responsive to what you heard today, that would be the best I could offer.

**Katz:** Makes sense. Ok. Anything else that the council heard with regarding to the radio frequencies? The council is supportive of separating the radio frequency section out with the understanding that it would come back in three -- totally three different pieces, one on the frequency increase would be an emergency ordinance, the rest would go back -- come to second reading.

**Hartnett:** Is that correct, kathryn, they could do first reading on the rest of the package shy of the r.f. stuff today?

**May 20, 2004**

**Beaumont:** If you're going to be bringing it back as a separate ordinance minus the r.f.p.'s, I think technically it would be a first reading on the revised ordinance.

**Hartnett:** I think what we'd be doing is on June 3 -- June 2, is that right, on June 2, I would be bringing you back two documents, part one-a and 1-b, part 1-a would be the main portion of the package, I would bring it as a nonemergency ordinance. Part 1-b would be just the r.f. stuff and I would bring that to you as an emergency ordinance with a two-week implementation.

**Katz:** All right. I was thinking of -- that's fine.

**Saltzman:** Just one more question. So the language you're adding --

**Hartnett:** On the documentation?

**Saltzman:** Right. An applicant can state it's their business preference for placement on private property, and that's sufficient?

**Hartnett:** Correct. And I think we're trying to address there that we have heard from at least one provider that they are not -- they have not made the decision yet themselves that they want to try and pursue using the right of way as a preferred location. And they -- there was some concern that the language forced them into the right of way, so we're just trying to say, if your business model doesn't work, you still have that first part of the sentence that Sylvia read you that says the applicant must prove that a tower is the only feasible way to provide the service. That's a big hurdle to get over. And then just document why the right of way doesn't work.

**Katz:** If they argue that it's not part of their business model, that's good enough, right?

**Hartnett:** That's what your legislative intent would clarify.

**Cate:** And if I may interject, I can envision because our city is so big, and because certain portions of the city have some pretty interesting topographical challenges for these networks that need to see one another, the base stations, it's quite possible for a service provider to come before the city that has entered into an agreement and in fact has facilities in the right of way, but in certain specific locations under certain circumstances, they may need to request a new tower. So it really works both ways. In that situation I can envision them saying in their narrative, we have an agreement, but because of these specific circumstances, we can't be in the right of way here. So it's not intended to force or to deny just simply document why the tower is necessary when they are proposed.

**Katz:** It seems to me at some point we need as a council to have a policy discussion. Are we serious about having these towers in the right of way, or are we not? Because with this amendment you're basically taking any enforcement or any teeth out of the policy. And I know -- and I know Susan that you always work to make -- to see if we can collaborate and make sure that things work out well, and I appreciate that, and you do incredible work. It's not you, it's -- the council needs to make a decision on this issue.

**Leonard:** And I would say that I hope the providers are hearing that we do like to have some overlay erection of these, and not just kind of a hodgepodge through the city, and I'm becoming increasingly focused on this issue, and have talked to cable and franchise to do some work with respect to limiting where they can be. And if it becomes one of these kind of contentious issues that the private carriers are going to insist upon, I think we do need to have some more formal policy in the city regulating where these things can be. Because it just seems clear to me, again, I'm really happy to look at a list of colocated facilities but not from what I can see.

**Katz:** I've raised this issue because I've had conversations with Commissioner Leonard, and I know how strongly he feels about it. So what you just heard is really a warning is strong, just a red flag that if this continues to be contentious and basically bypass the right of way with what kind of -- with excuses that don't really hold a lot of water, then we may have to come back and do something more serious.

**May 20, 2004**

**Saltzman:** What would be the down side, in your opinion, if we left out your amended language? And just left it that the applicant -- we encourage facilities to be in the right of way whenever feasible?

**Cate:** My initial reaction to that is that -- and i'm trying to think of all the stakeholders whenever a land use review comes through for a new tower, I think from my experience, the neighbors would be the first folks before you saying, why is this tower in my neighborhood, why can't it go in the right of way? We get that question now, we got this question a couple of years ago before the city developed a franchise policy. I think from the neighborhood association' viewpoint and a neighbors' viewpoint, that's a reasonable and valid question. Yes, I have a cell phone, I want the service --

**Saltzman:** I'm saying if we leave out the additional language, we're leaving it basically with, it should be in the right of way whenever feasible.

**Leonard:** But that's not working now is the issue I have. It clearly is not happening. So whatever language there is --

**Saltzman:** It's clearly not happening, but this amended language only makes it --

**Leonard:** I read it --

**Saltzman:** A very big loophole to further make it not happen.

**Leonard:** I read it to mean we have to have something in writing that explains why it's not there, and now there's no --

**Hartnett:** That's correct. And it is a question of -- with the language we're proposing to add, it does provide legislative intent that says it's a pretty open door. If the council would prefer to not have that door be more open than what we put in the original commentary, then I think you would want to reject the amendment. But I think you should probably talk about that, make a decision on that as part of the first reading when we come back in two weeks. I should represent the amendment at that time. But I think commissioner Saltzman, you're correct. If you want something that has more teeth, I think is the word you used --

**Saltzman:** That is our policy. We've adopted the city policy to that effect.

**Katz:** That was the issue I raised. You're leaving a big hole in here.

**Hartnett:** Correct.

**Katz:** Now, it probably ought to be in writing, you know, so we have a record of it. And i'm sure that the applicant would want a record of it and a reason for denial. But I think you listed here examples where it would be really ok, and I think the council may be telling you, you went -- maybe went too far.

**Leonard:** Again, maybe i'm just reading this differently, but what i'm seeing actually occur now is the companies don't place their towers in right of ways, they place them wherever they want. And at least this gives us some --

**Hartnett:** Correct. The text that we're adding to the code, to the code side, so the right-hand side, does now add a requirement that they document why. The amendment that I presented to you in my memo clarifies the legislative intent and does do exactly what the mayor and commissioner Saltzman is saying, is to try and broaden what you would read in the legislative intent the way we originally wrote it. And i'm hearing from the mayor and commissioner Saltzman that they don't particularly want to go in that direction, that they want to stick with the original commentary, which says it is the city's policy to encourage our facilities in the right of way whenever feasible. That leaves -- that is the only language to describe your legislative intent in adopting this, and that would be the direction for staff in the future. Feasibility is a pretty narrow -- can be interpreted as a pretty narrow set of circumstances.

**Leonard:** I guess I appreciate that clarification, because that's not what I want to do, and I would be interested to hear if the council would be interested in going in the other direction in making it tighter than what it is now.

**May 20, 2004**

**Katz:** The amendment that we're talking about makes it loser.

**Leonard:** I understand that. I'm suggesting if we're having some agreement, that we want there to be some stronger language to require towers in right of ways, can we change this to do that?

**Hartnett:** Can I make a suggestion since we're going to bring this back anyway? Why don't we bring you a couple of different options, including what's in front of you today, and something perhaps that would do exactly what you're looking for, commissioner Leonard, provide more clarity about being consistent with the policy about placement within the right of way.

**Katz:** Ok.

**Leonard:** Thank you.

**Hartnett:** And you'll take additional testimony --

**Katz:** And it will extend it another week. But I think this is important, because this is an issue that a lot of the council members have felt very strongly about, and you know I recuse myself on these issues because I have a whole other argument on health reasons that nobody seems to listen to me, but there's still documentation on that, especially now you're increasing the radio frequency. But that's not the council's issue, that's my own personal issue. But I think the council would like some stronger language, so give us some options.

**Hartnett:** I'd be happy to do that.

**Saltzman:** And also bring back to us again where we're upping it against federal preemption too.

**Hartnett:** I'd be happy to do that too.

**Katz:** Let me ask a question, because I think commissioner Leonard sent me an email, but I don't recall that the courts ruled in favor of neighborhoods on the location of these poles. Am I remembering -- help me out. This is recently. Was it you, Kathryn?

**Beaumont:** I think it was our office.

**Katz:** Ok.

**Beaumont:** There was recent federal court decision involving the city of Hillsboro, where the city of Hillsboro denied land use approval for the location of a new tower near a residential neighborhood. It's a pretty fact specific case, it --

**Katz:** It's what?

**Beaumont:** A pretty fact specific case. It was a case where both sides had presented evidence as to how the tower did or did not satisfy the approval criteria, the city council determined that based on the evidence in the record they didn't feel the approval criteria had been satisfied, and the federal court upheld the city's decision, saying the city essentially correctly applied its criteria, made the appropriate findings, and had substantial evidence evident in the -- evidence in the record to support its decision. So it's a very specific -- and it did not in making that decision to deny land use approval, it's did not violate the federal telecommunications act.

**Katz:** And the criteria they used there is any different than what we use?

**Beaumont:** Mayor, without looking at them --

**Katz:** Would you -- since we have another -- we have two weeks, but we have another week, for the entire council, you might want to send a copy of that decision, and then check to see whether we have the same approval criteria, because we may want to use that particular case assuming that we have the -- one of the same approval criteria, because I remember last time we couldn't do anything. Our hands were tied.

**Beaumont:** All right. I can do that.

**Katz:** Ok.

**Cate:** I would just like to dovetail, I did take a quick look at the criteria involved in that case, I would say that Portland has a far more developed code in that area with -- far more specific criteria. But I'll work with Kathryn and get a comparison going.

**Katz:** That would be good, but if -- if there was a very specific criteria that may not be included in our list, that would be interesting to know. Ok. Anything else? All right.

**May 20, 2004**

**Hartnett:** Do you want to take the item that amanda fritz raised?

**Katz:** Let's do that.

**Hartnett:** That will take everything in the current part one of one document. That had to do with group living building coverage. I just wanted to mention a couple of quick things in response. One was that the building coverage as it's currently stated in the single family zones is actually somewhat less than it was prior to the land division rewrite project a couple of years ago. So it's one of the reasons why these group living homes have become -- have run up against the need for frequent adjustments to the building coverage standard. In response to commissioner Sten's question, I will tell you that catherine stokes, who handles many of these cases, and I talked about this earlier this year, and at that time of the cases that she had had in front of her over the last year or so, she had had three conditional use cases for group living uses in the single dwelling zones, and all three of them had had adjustments to the building coverage. So it is a pretty high percentage of the group living uses in single family zones that are running up against this. And our sense was that as amanda mentioned, since they are already subject to conditional use review where issues of neighborhood compatibility are allowed to be looked at, that the adjustment was a burdensome additional review for them. We are talking about on a typical 5,000 square foot lot in a single dwelling zone, a difference of 45% lot coverage versus 50% lot coverage. So it really isn't a lot of difference, but it is something that they're running up against already. That's the best information I can give you about that. They have all been approved, the ones that have come through.

**Katz:** Let me argue with you on that. I realize that, but as amanda said, our code ought to be what we really want to see in the neighborhoods, and if we make adjustments they ought to be for a good reason.

**Hartnett:** And I think that -- I agree with that. The one thing I would point out is that the cost of land use reviews has gotten much higher than when we -- when we used that as a promise, and you do pay half price for the second review, but I think half price for a review in that category is probably around \$500. And given that many of these group living uses are -- they're human service providers, and often times nonprofit corporations. I personally feel that it's -- we're putting them through this huge conditional use review anyway, I think it's a burden for them.

**Katz:** You're just a softie.

**Hartnett:** I am. A liberal, what can I tell you?

**Sten:** I suspect there isn't, but is there any base of information out there about what -- how much space a group home -- i'm assuming they need the space, if it's a burden to come in and get 5% extra, but they're doing it anyway --

**Hartnett:** They have to come in for the conditional use review.

**Sten:** I'm assuming they're probably doing the extra work to get the extra space not because it's frivolous.

**Hartnett:** Correct. That would be my assumption.

**Sten:** I doubt they're trying to add an extra bathroom, I don't have any money. My instinct is they probably need this little bit of extra space, and it does make it a little bigger than the home, so I think amanda is right, but --

**Hartnett:** I would also point out sometimes the lot coverage varies depending upon lot size. So if you're talking about a slightly smaller lot, then they end up with a smaller percentage and it becomes even more of a problem for them. So --

**Sten:** It's even more different than the neighborhood at that point.

**Hartnett:** Correct. It potentially has more impact at that point. Yes.

**Saltzman:** I'm for supporting the language proposed.

**Sten:** So am i.

**May 20, 2004**

**Hartnett:** And again, this is going to come back to you as a separate document, and I assume you'll vote the amendments at that point. So -- because I don't think you can do it at this point. We've kind of pulled it off the table. Is that correct?

**Katz:** No, no --

**Hartnett:** This is in part one of one, which we're now going to split out into 1-a of one and 1-b of one and bring those both back.

**Beaumont:** I think you could vote on amendments today. People can testify on code amendments as amended when it comes back next time and council can --

**Hartnett:** Ok. I'm sorry then. Ok.

**Katz:** There's no need to vote on that one, and on the other one you're going to bring us some options. So I think -- all right. Up to now.

**Hartnett:** Ok.

**Katz:** Ok. Anything else until we get to part two?

**Saltzman:** I think Katherine was saying we could vote --

**Katz:** Which -- that would be -- I guess we could vote --

**Beaumont:** I guess you could you make a decision on Amanda's proposed --

**Saltzman:** Ok. I got it. Sorry.

**Katz:** The next one?

**Beaumont:** Part two of two. I do have -- if you want to consider some options, as Mr. Shane mentioned, I have prepared something that shows you four options. Would you like to see this and consider it?

**Katz:** I guess if we're really going to look at some other options, I would really like the planning commission to take a look at that. And bring back a recommendation. Because they didn't hear. This is serious.

**Hartnett:** I think -- let me sort of back up. I think one of the options you have is to adopt the planning commission's recommendation, in which case you don't need to send it back. There are two other options in terms of a line that you could adopt. One would be consistent with what was shown on the original planning maps. So all of those sort of vision maps that the bureau of planning put out basically followed the ordinary high water in the barge area. The third option is obviously what the Zidels have proposed, and the fourth option, at the bottom of that page, is to split the map in two and only adopt something for the south half. I think you could easily adopt options one or four without sending it back to the planning commission, and I frankly think you could make a decision to adopt option two without sending it back to the planning commission. I think option three does actually start to say we're doing something significantly different than the planning commission and the council discussed as part of the south waterfront plan adoption two years ago, but I do think option two, since it's what both the planning commission and the council saw two years ago, is consistent with what you were looking at at the time you were setting policy.

**Saltzman:** This was -- there was a need to do this on emergency basis.

**Hartnett:** There is, that's correct.

**Saltzman:** Would I go with option two. I would support option two.

**Katz:** Talk a little bit about why the planning commission moved from option two, which was the original planning maps, to option one.

**Hartnett:** Option one is what we proposed to the planning commission. Option -- and Troy could come up and give you a little more information how this was developed. We did begin the map based on a survey that the office of transportation had done which was the council's directive. There was not survey data available around both the outfalls, the two sewer outfalls and around the bargeway, and in the area south of the old spaghetti factory. In those circumstances, we made specific decisions based on various pieces of information, and then developed a map which Troy and

**May 20, 2004**

joe zehnder from the bureau of planning went around and discussed with the various property owners. Do you want to add anything? Who else --

**Troy Doss, Bureau of Planning:** In terms of the public involvement aspect of this, because I know amanda fritz has noted here that we didn't talk to a number of stakeholders or there wasn't a public involvement process, and i'd like to correct that. We followed the same noticing that the rest of the code package went through, and on top of that, we made a point to sit down with every single property owner this would affect in the south waterfront district. There is no measure 56 noticing required for this, so we went above and beyond what the actual notice and requirements would be. To make sure we had their feedback on this. We also took this to a number of meetings involving the greenway development plan that you may be aware of for south waterfront. At those meetings there's stakeholders from audubon, league of women voters, CTHL a number of other organizations, we shared this map and specifically spoke to individual stakeholder representatives to make sure they were aware of this and were on board with this solution as well. So that's in regards to public notice. In terms of the map, I would like to correct one thing susan said, pdot survey did cut straight across the outfalls in this situation. That was a situation -- their notes to us they did that in part because of the condition of the outfalls. When you go to them currently, they're heavily overgrown with blackberry and debris and following the line is very difficult in that area. So they actually did a point by point that was maybe 50 feet apart from each other. So they went down the greenway so they chose to cross the outfalls. However, in each situation they do not cut over water. So in that situation we talked to bureau of environmental services, parks department, and others who would be involved, and they felt that was an adequate solution in this situation in terms of what happened to the bargeway and the properties south, including old spaghetti factory and south, because we did not have accurate survey data for those locations, we had the computer generate a line that is -- replicates exactly what the code would dictate. A top of bank line as defined roughly as the first break in topography of 10% or more, and when you have a situation like the bargeway, where you have a general slope that doesn't break quite that evenly for a distance of 50 feet from ordinary high water, you go to the ordinary high water mark, you flow the line two feet above that line and strike a line that goes horizontal into the grade, and that's where that line is we asked the computer to do that, gis department generated that line and that's the line that shows up on the map.

**Katz:** Troy let me back up. You're very technical. Let's simplify this. Was this discussed at the planning commission?

**Doss:** To the best of my recollection I think we did walk them through this process, yes.

**Katz:** Anybody else testify on this, or they assume that planning commission was going to adopt option one?

**Doss:** Specifically williams and dame development has their representatives testified on support of the map for obvious reasons. They're looking to try to get this map issue resolved because they have development pending on block 30 of south waterfront in central district.

**Katz:** But the other groups you identified did not?

**Doss:** We had full support, no one testified against it.

**Hartnett:** I think amanda did raise the issue at the planning commission. She was concerned about the public involvement.

**Katz:** Ok.

**Saltzman:** Sounds like there's been a lot of public involvement. Option two sounds like it's the right one.

**Sten:** I thought option one was the one the planning commission --

**Katz:** Option one is the one that planning commission recommended.

**Doss:** Yes. Option one.

**May 20, 2004**

**Hartnett:** Option one is the planning commission recommendation. Option two is what was shown on the original planning maps.

**Doss:** Option two is basically the planning map version that came before planning commission and city council during contemplation of the south waterfront plan two years ago.

**Katz:** Boy, I -- what's the rest of the council--

**Leonard:** Is there a practical impact on the south waterfront development project?

**Doss:** There would be an immediate impact if this were to carry over further for the development on block 30. That homer williams --

**Leonard:** I'm asking of option one and two, what are the ramifications of us adopting either?

**Hartnett:** I will say that I think zidells raise a valid point in saying that by going as far back as this line does, you are taking land out of development, and when you take it out of development you potentially take it out of tif production. That's not to say I think going across open water is the right solution.

**Leonard:** is option two like a compromise then between what there asking for zidell and - -

**Hartnett:** Yes. I would say that's true. There was discussion about whether or not option two could be supported by everyone, and we're we were not able to bring that together in time for today's discussion.

**Katz:** Let me ask the question. I know there's a timing issue, if we pulled this section out of the code maintenance, will that impact the development that's going on right now?

**Hartnett:** If you wanted to do something like that, I would suggest do you option four. You need to adopt a map for the section south of gibbs. If we don't have a top of bank line map in place within the next several weeks, we are going to be delaying permits. So that's the best solution. If you don't want to make a decision for the bargeway.

**Leonard:** What does option four do?

**Hartnett:** If you look closely, the map on the left is what's in front of you today, if you look on the right you'll see that the little dot -- dashed line that goes up along the shoreline ends at gibbs street. So what we would do is adopt a top of bank map for south of the gibbs street right of way, north of that we would rely on the existing top of bank definition.

**Leonard:** Is that option two?

**Hartnett:** No that would be option one. The top of bank definition is what was used to generate the line in option one. So if you don't adopt the map in total, you are in essence adopting option one, but you're leaving open the opportunity to come back in code maintenance 2005 or some future legislative project to adopt a different line than what's in front of you today.

**Leonard:** It's the original planning map is option two, and it sounds like your saying it's a compromise that makes some sense between three and one.

**Hartnett:** Yes. What I can do between now and next wednesday is I can modify the map as it's recommended to show the option two line and you can adopt the map as it's presented with that exception. That would be just an amendment to the map.

**Katz:** We have an emergency clause on this. Can we wait until next week?

**Hartnett:** In we -- if we wait until next week we'll still be timely in terms of the development needs, and there are four council members here next wednesday so you can adopt an emergency.

**Sten:** There's -- there was huge interest from all over the region if not the city involved in this discussion at the planning commission. So albeit might be a reasonable compromise, I can't make a compromise with just a few of the interests at the table. This thing went on for hearings and hearings, so i'm just not interested in changing the recommendation on a quick glance at a couple of maps by me. This is something I worked on for years in terms of what the depth of the -- and I don't remember all the details, i'll be real honest. But we worked for years and the whole thing -- this whole development plan went around and around council hearings, how deep is the greenway going to be, how wide, and there's just a lot of people --



**May 20, 2004**

**Doss:** If I may, when the idea of a compromise first came up, we had talked about -- this idea first came up over a month ago. But we never heard back from zidells in terms of what direction they wanted to do. If they were going for a compromise we were going to contact stakeholder groups because we didn't think it was appropriate to bring it forward without talking --

**Sten:** The point at which that team has a plan that they want to come in and present publicly, i'm ready to look at that, and the council has all kinds of processes through which you can ask for a change in a plan, but the greenway itself was a compromise. Some of us wanted a wider greenway.

**Katz:** I agree.

**Sten:** That was me.

**Katz:** I agree with --

**Hartnett:** I do want to point out commissioner Sten, that changing this map can only be done legislatively. So it can't be done through design review or other quasi judicial means.

**Sten:** I'm saying that if someone has a whiz bang development proposal that meets the economic and environmental incentives of the district, I want to see it and i'm willing to consider legislative proposal on a noticed fast track basis if it's really slowing up development, but we debated this for years, and to come in and make a change on it when we don't even know what you're going to develop, i'm not going to do that.

**Saltzman:** Why is this change in perspective -- if we dealt with this years ago, why is this change before us today?

**Hartnett:** It's simply adopting the map. At the time that the south waterfront plan came in front of you, the survey information was not available. So at that time the planning bureau was not able to present you an actual map that could be adopted in into the zoning code. And it has taken until now to get that completed, and to do the discussion with the property owners in advance of bringing it to you.

**Katz:** Ok. I don't think there's support to go beyond what the planning commission is recommending, and steve, I know you've been put in an awkward position because I think steve understood what it was going to look like and did not object. So I --

**Sten:** We can work on that property. I guarantee that --

**Katz:** That will change.

**Leonard:** Could we do option four, then?

**Katz:** I think what we're saying is to leave it as a planning commission recommendation.

**Sten:** I'm for option one.

**Leonard:** I thought option four was option one giving us some time then to revisit it. Isn't that what you said?

**Hartnett:** Yeah, although -- yes. That is correct. If you adopt option four, the rules that would apply north of gibbs street are essentially the same as option one at the bargeway. They are also -- it would then also go around the outfalls. So the straight line across the outfalls would be lost. It also I think -- if you were going to do that, you might want to give the other property owner, there are only two property owners north of gibbs street, and that other property owner is not here. I don't know how schnitzer investment would feel about not having this adopted. The idea of certainty is always important, particularly when you're talking about risky developments. So I think if you want to go with option four, you should definitely bring it back next week and give the planning bureau an opportunity to contact schnitzer and see how they feel about it.

**Katz:** I think the council -- steve -- I think the council is split on this, and I think we're ok with option one in the planning commission report.

**Hartnett:** Ok. So you can vote that today and pass the emergency if you're willing to do it.

**Katz:** How does --

**Sten:** I so move.

**May 20, 2004**

**Katz:** We need to be unanimous.

**Leonard:** I just wanted to ask more -- a question. Not about that, but the -- are we going to vote also on this amendment with respect to increasing the building coverage of institutional --

**Hartnett:** No. That will come back to you in two weeks.

**Katz:** That --

**Hartnett:** That's in part one of two, you're now --

**Katz:** It's in this -- in the first section.

**Leonard:** I heard two different things. I heard we were voting on it today and I heard we're not.

**Katz:** Amendments.

**Beaumont:** My answer was you could vote on it today, it would require -- just on the amendment, not on the ordinance as a whole.

**Sten:** The amendment was proposed by amanda.

**Beaumont:** So to get that amendment --

**Leonard:** I see. We'd have to move the amendment.

**Beaumont:** Right.

**Leonard:** I was interested in discussing it, because I guess -- but first I wanted to hear what would have happened were this in place and the application was made in the sunnyside neighborhood to build that institutional facility. How would this have affected that?

**Sten:** Don't look at me.

**Hartnett:** I'd have to do a little research to answer that question.

**Katz:** I will support amanda's -- we're split.

**Leonard:** I may, because I voted against that --

**Katz:** I know.

**Leonard:** The construction of that. So I need to know how this --

**Sten:** Amanda knows the answer.

**Leonard:** Do you know the answer, amanda?

**Sten:** She does.

\*\*\*\*\*: [inaudible]

**Leonard:** You need to research?

**Hartnett:** I don't have an answer. Off the top of our heads, we really on would need to look at that particular case.

**Leonard:** I would like to know that.

**Hartnett:** I can bring that back to you in two weeks.

**Leonard:** I probably would support this proposal if that would have bypassed us having some say in that. Because I didn't support that.

**Hartnett:** Can you remind me, what was the name?

**Saltzman:** Hawthorne gardens.

**Hartnett:** Hawthorne gardens, right. I will make sure I bring you information on that, and you can decide in two weeks if you want to move that amendment.

**Leonard:** -- if this were the rule, if they would have been able to construct it without --

**Hartnett:** I will check on that. Ok.

**Katz:** Let me just summarize. I think we ought to -- I think we ought to adopt the plan and commission's recommendation for option one. I think we also need to recognize that there's so much unknowns in the zidel property, and we're working to assist them in trying to figure out some options so that we can really move the development on the south waterfront. But they're going to come back with a lot of changes that we're going to have to deal with, and I think just because there are a lot of other stakeholders, and this has been debated a long, long time, that we ought to adopt the planning commission, and note that we'll be ready to listen to other options once they're ready to develop the land. Ok? So I hope we have a unanimous vote on this one. Ok. Good. You're good

**May 20, 2004**

to work with. Thank you. All right. So 556, we'll come back, you're going to respond to commissioner Leonard's issue, and I will support that in any case, but we don't know where -- we don't know where the council is on that.

**Beaumont:** And you will be come back --

**Sten:** If Randy and Amanda agree I'd have a hard time going against it. I'm offering a sliver of possible support.

**Katz:** For those watching, Mayor Katz agrees with Commissioner Leonard. On two issues today:

**Sten:** If Mayor, Randy and Amanda agree, I have to make sure my position is right. [talking at once]

**Beaumont:** I want to make sure we're clear about the date for --

**Katz:** 556?

**Hartnett:** I believe that's Tuesday -- Wednesday the 2nd. I believe it's Wednesday the 2<sup>nd</sup>, is that correct?

**Parsons:** That's right and it was requested for the morning for the regular session.

**Hartnett:** You have three time slots in the morning. I'll leave it up to you. I wasn't sure whether or not when Susan and I talked about it earlier if we were going to be actually voting something or taking testimony. If -- I think you'll be taking testimony, in which case we could go to the Thursday afternoon or the Wednesday afternoon, whichever your preference is.

**Katz:** What's on -- do we have anything on Thursday?

**Hartnett:** No.

**Parsons:** And we don't have anything on Wednesday.

**Katz:** Let's do it Wednesday and keep Thursday open for the council members.

**Hartnett:** Wednesday, June 3 -- June 2 at 2:00 p.m.

**Katz:** Ok. And then we'll take a vote on 557. Roll call.

**Leonard:** Aye.

**Saltzman:** Aye.

**Sten:** Aye.

**Katz:** We're moving another step forward on South Waterfront. Aye. [gavel pounded] Thank you, everybody. That was a good afternoon. We stand adjourned.

At 3:45 p.m., Council adjourned.