



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **4TH DAY OF AUGUST, 2004** AT 9:30 A.M.

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

Mayor Katz arrived at 9:40 a.m.

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

Officer Anthony Merrill replaced officer Chinn at 12:35 p.m.

On a Y-4 roll call the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
904	Request of Freedom Child to address Council regarding Police abuse, misconduct, lying in reports, unfairness of Independent Police Review process and bias of Capt. Schenck (Communication)	PLACED ON FILE
905	Request of Charles E. Long to address Council regarding examples of the uses of history (Communication)	PLACED ON FILE
906	Request of Richard L. Koenig to address Council regarding we the people of Portland need answers (Communication)	PLACED ON FILE

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TIME CERTAINS		
<p>907 TIME CERTAIN: 9:30 AM – Create a local improvement district to construct aerial tram improvements in the Portland Aerial Tram Local Improvement District (Previous Agenda 901; Hearing; Ordinance introduced by Commissioner Francesconi; C-10009)</p> <p>Motion to accept substitute Exhibit F staff report on the remonstrances: Moved by Commissioner Francesconi and seconded by Commissioner Leonard. Gaveled down by Mayor after hearing no objections.</p> <p>Motion to adopt and amend Exhibit E to correct technical and non-substantive issues: Moved by Commissioner Francesconi and seconded by Commissioner Leonard. Gaveled down by Mayor after hearing no objections.</p>	<p>CONTINUED TO AUGUST 12, 2004 AT 3:00 PM TIME CERTAIN AS AMENDED</p>	
<p>*908 TIME CERTAIN: 10:15 AM – Authorize contract with Star Park, LLC and provide for payment for attendant and revenue services for City parking garages and City surface lots (Previous Agenda 818; Ordinance introduced by Mayor Katz)</p> <p>Motion to add an emergency clause: Moved by Commissioner Leonard and seconded by Commissioner Sten.</p> <p>(Y-4)</p>	<p>178648 AS AMENDED</p>	
<p>*909 TIME CERTAIN: 10:45 AM – Amend the annual budget of the City of Portland and revise appropriations for fiscal year 2004-05 (Second Reading 895; Ordinance introduced by Mayor Katz)</p> <p>(Y-4)</p>	<p>178649 AS AMENDED</p>	
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Vera Katz</p>		
<p>910 Confirm reappointment of Lloyd Lindley to the Design Commission for a term to expire August 14, 2008 (Report)</p> <p>(Y-4)</p>	<p>CONFIRMED</p>	
<p>911 Confirm appointment of Donald W. Jensen to the Workforce Investment Board for a term to expire August 9, 2007 (Report)</p> <p>(Y-4)</p>	<p>CONFIRMED</p>	
<p>912 Confirm reappointment of Gary Holcomb to the Business License Appeals Board for a term to expire December 31, 2005 (Report)</p> <p>(Y-4)</p>	<p>CONFIRMED</p>	
<p>*913 Authorize charitable organizations eligible to participate in the City 2005 Combined Charitable Campaign (Ordinance)</p> <p>(Y-4)</p>	<p>178636</p>	

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<p>*914 Establish an Intergovernmental Agreement with the State of Oregon Employment Relations Board for the cost of grievance mediation (Ordinance) (Y-4)</p>	<p align="center">178637</p>
<p>*915 Authorize Intergovernmental Agreement with the City of Hillsboro for participation in the Integrated Regional Network Enterprise (Ordinance) (Y-4)</p>	<p align="center">178638</p>
<p>*916 Authorize a contract with Learning for Life for services completed in the Gang Resistance Education And Training program (Ordinance) (Y-4)</p>	<p align="center">178639</p>
<p>*917 Accept a grant from the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives to reimburse the City to continue as the Regional Training Administrator for the Gang Resistance Education And Training Program (Ordinance) (Y-4)</p>	<p align="center">178640</p>
<p>*918 Apply for a grant from the U.S. Department of Justice, Office of Community Oriented Policing Services under the FY 2004 Interoperable Communications Technology program (Ordinance) (Y-4)</p>	<p align="center">178641</p>
<p>*919 Authorize contract and provide for payment for the remodel of Fire Station 11 and new construction of the Emergency Medical Services Facility (Ordinance) (Y-4)</p>	<p align="center">178642</p>
<p align="center">Commissioner Jim Francesconi</p>	
<p>*920 Authorize an agreement with Self Enhancement, Inc. to provide payment for a year round middle school program (Ordinance) (Y-4)</p>	<p align="center">178643</p>
<p>*921 Lease certain space in Multnomah Center to eight tenant groups from July 1, 2004 through June 30, 2005 (Ordinance) (Y-4)</p>	<p align="center">178644</p>
<p align="center">Commissioner Dan Saltzman</p>	
<p>922 Authorize an Intergovernmental Agreement with Multnomah County to administer eligibility verification and coordinate plumbing repairs for the Water/Sewer Enhanced Fixture Repair Program (Second Reading Agenda 890) (Y-4)</p>	<p align="center">178645</p>
<p align="center">Commissioner Erik Sten</p>	

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<p>*923 Authorize subrecipient contract with Northwest Pilot Project for \$361,550 for housing assistance for seniors and provide for payment (Ordinance) (Y-4)</p>	<p>178646</p>
<p>*924 Authorize a Memorandum of Agreement with the Corporation for National and Community Service for \$10,000 to sponsor a VISTA Member (Ordinance) (Y-4)</p>	<p>178647</p>
<p>REGULAR AGENDA</p>	
<p>Mayor Vera Katz</p>	
<p>925 Renew the City and Police Bureau commitment to community policing (Resolution) (Y-4)</p>	<p>36239</p>
<p>926 Express City Council support for the Police Bureau planned initiatives to enhance its community policing services (Resolution) Motion that the Police Bureau will utilize models employed by the Portland Fire Bureau and other organizations as appropriate to develop an implementation plan for Police Apprenticeship Program to be presented to the City Council no later than October 31, 2004: Moved by Commissioner Leonard and seconded by Commissioner Francesconi. (Y-4) Motion that the Police Bureau will create and formalize a Labor Management Committee made up of members of the Portland Police Association, the Portland Police Commanding Officers Association, the District Council Trade Unions, the City Professional Employees Association and Non-represented employees. The Labor Management Committee may utilize models employed by the Phoenix, Arizona Fire Department, the Bureau of Emergency Communications and other Labor Management models as appropriate to develop Labor Management implementation plan to be presented to City Council no later than October 31, 2004: Moved by Commissioner Leonard and seconded by Commissioner Francesconi and gavelled down by Mayor Katz after no objections. (Y-4)</p>	<p>36240 AS AMENDED</p>
<p>*927 Authorize the Director of the Bureau of Human Resources to execute a Memorandum of Agreement between the City and the District Council of Trade Unions for terms and conditions of employment of represented employees in the classification of Water Security Specialist (Ordinance) (Y-4)</p>	<p>178650</p>
<p>*928 Authorize lines of credit and notes to finance the acquisition of land for open space and a community center at the Washington Monroe High School site (Ordinance) (Y-4)</p>	<p>178651</p>
<p>Commissioner Jim Francesconi</p>	

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<p>929 Adopt the Portland Streetcar Gibbs Extension alignment and the preliminary capital budget and direct actions for implementation (Resolution) (Y-4)</p>	<p align="right">36241</p>
<p>*930 Amend agreement with Portland Streetcar, Inc. to provide for completion of design services related to the extension of the Portland Streetcar from RiverPlace to SW Gibbs Avenue (Ordinance; amend Contract No. 31428) (Y-4)</p>	<p align="right">178654</p>
<p>*931 Amend contract with Stacy and Witbeck, Inc. to extend the Portland Streetcar RiverPlace terminus to SW Moody Avenue (Ordinance; amend Contract No. 35163) (Y-4)</p>	<p align="right">178655</p>
<p>*932 Amend agreement with Portland Streetcar, Inc. to provide professional services related to Conceptual Alignment Planning and Federal Process Planning for the Eastside Streetcar Project (Ordinance; amend Contract No. 31428) (Y-4)</p>	<p align="right">178656</p>
<p>933 Create a local improvement district to construct street improvements in the SE Ellis Street Local Improvement District (Second Reading Agenda 875; C-10010) (Y-4)</p>	<p align="right">178652</p>
<p align="center">Commissioner Randy Leonard</p>	
<p>934 Amend fee schedules for certain construction and trade permits, plan review, inspection, land use review and permit issuance services (Second Reading Agenda 899) (Y-3; N-1, Francesconi)</p>	<p align="right">178653 AS AMENDED</p>

At 1:07 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 4TH DAY OF AUGUST, 2004 AT 2:00 P.M.

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

Commissioner Leonard arrived at 2:21 p.m.

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

935 TIME CERTAIN: 2:00 PM – Initiate local improvement district proceedings and adopt Resolution of Intent for the Portland Mall Revitalization Local Improvement District to extend light rail services on Fifth and Sixth Avenues in downtown Portland (Resolution introduced by Commissioner Francesconi)	Disposition: CONTINUED TO AUGUST 11, 2004 AT 2:00 PM TIME CERTAIN
936 Increase the short-term parking meter rate, unify the long-term rate to match the short-term rate, extend the hours of parking meter operation, and authorize a schedule of implementation (Ordinance introduced by Commissioner Francesconi)	CONTINUED TO AUGUST 11, 2004 AT 2:00 PM TIME CERTAIN
937 Authorize revenue bonds to finance a portion of the City contribution to the South Corridor: I-205/Portland Transit Mall Light Rail Transit Project (Ordinance introduced by Mayor Katz)	CONTINUED TO AUGUST 11, 2004 AT 2:00 PM TIME CERTAIN
938 Authorize an Intergovernmental Grant Agreement with TriMet for City financial contributions to fund the preliminary engineering, final design and construction of the South Corridor Project (Ordinance introduced by Mayor Katz and Commissioner Francesconi)	CONTINUED TO AUGUST 11, 2004 AT 2:00 PM TIME CERTAIN
REGULAR AGENDA	
Mayor Vera Katz	
939 Amend Title 33 Planning and Zoning and the Cultural Resources Protection Plan for Columbia South Shore to update and improve land use regulations and procedures (Second Reading Agenda 900; amend Title 33) (Y-4)	178657 AS AMENDED

At 4:05 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

August 4, 2004
Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

AUGUST 4, 2004 9:30 AM

[Roll call taken]

Sten: The mayor's going to be here, but she's running a little bit late. We'll go ahead and get started. We'll start with communications. 904.

Item 904.

*****: Thank you. Good morning.

Sten: Good morning.

Freedom Child: I'd like to say, first of all, on the news, I heard, you're going to be addressing issues of improving police training. I'd like to suggest in that training that it be emphasized the importance of not lying in police reports, and that when policemen get on the stand in a courtroom and testify, that they should not lie and perjure themselves. I have two police reports. I'll only be able to read one today. This is the report of officer harris. I want you to listen to the illogic of this over a bike light. On routine patrol, I observed the subject in dark clothes riding a bike west on north smith. As we approached, we observed the bike she was riding had no lights. At this point I activated our overhead lights into the first position. As I pulled next to s.b., subject, who had turned north, I then yelled out of the driver's door that s.b. Needed to stop. She replied back, no, I don't. Why? I responded because you have no light on your bike and we are the police. Subject continued to yell that she didn't have to talk to us as she began to yell and open the front gate to 9215 north tioga. At this point I exited the vehicle, I continued to identify myself as a police officer, and give commands for her to stop backing up. This is all over a bike light. None of this happened. She continued to yell that she didn't have to stop and she didn't like the police as she then turned and began to run to the front door. Once she began to run, I gonna yell that she was under arrest. As I ran to catch her on the porch, I was able to grab her left wrist as she attempted to run into the house. She turned and made two attempts to knock my hand off her right hand before she grabbed the doorway and tried to poke herself inside. At this point the other officer reached the door and we were in a brief struggle. We were able to get her in custody using a minimal amount of force. Once in custody she became limp and needed to be carried to our vehicle. During the altercation came to the door as she was yelling very loud once she observed him at the door, she yelled, get out here and help me. Help yelled from outside the location and yelled to her to calm down and follow directions. Once subject was in our vehicle, I explained the situation to neighbors who came out when they heard the yelling. I read her miranda rights and asked her if she understood three different times before she responded, I want a lawyer. She was transported for paperwork and transported to downtown. She continued to demand business cards and threatened to sue the police department. She was charged with interfering with a peace officer as I gave her several lawful orders to stop and she was under arrest as I was attempting to issue cites. My time is up. I want you to know, this is not true. This did not really happen. This disturbs me. This is about a bike light.

Sten: Thank you.

Freedom Child: I'll be back next week to tell what the other officer wrote.

Sten: Thank you very much. 905.

Item 905.

Charles Long: My name is charles long. I live in northeast Portland. I'm discussing three sessions regarding the importance of history. Today i'd like to have us realize that humankind is the -- are

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the only mammals that are able to reflect on the past and focus also -- contemplate the future. Why was this given to us? I think one reason is because history is vital to religious faith, certainly of the Jewish and Christian faiths. The history is the background on which our practice of faith today stands in the Torah and the books -- historical books of Samuel, Kings and Chronicles, and the prophets, inform us today for ethical and social action, problems today that we look to the past in order to help us in the future. I look back on the -- read carefully the Declaration of Independence, and certainly the founding fathers relied on -- on history and also philosophy to obtain their rationale for this great event. I notice that the Declaration of Independence mentioned deity four times in that relatively short document. I'm sure they read the quotation from Exodus 10:3, let me my people go, proclaimed by Moses at that time when they were in slavery in Egypt. Also Exodus 25:10, proclaim liberty throughout all the lands, and to all the inhabitants thereof. That phrase was engraved on the Liberty Bell also. And the founding fathers also relied on French philosophers, social contract, and the spirit of the laws, which were philosophical arguments for liberty, and the constitution also was formed by viewing the past and the philosophies of -- that shaped a document that remains today.

Sten: Thank you, Mr. Long.

Long: Is my time up?

Sten: Yes, your time is up. Thank you very much. Call 906 and then pass the gavel back to the mayor.

Item 906.

Richard Koenig: Here's my name, phone number. Richard Koenig, southeast Portland. Good morning, citizens of Portland, city council. You had three questions last week, who declared war on the right of the public to use the streets of Portland, who condones that war, who will stop it. On August -- on August of 2002, city council unanimously by roll call agreed not to declare war on the public's right to use their personal vehicles on the streets of Portland. In May of 2003, Portland police officer Scott McCollister and friends dragged a member of the public out of a rented car that Mr. Attorney General Van Winkle said was not subject to the motor vehicle laws, handcuffed him and set circumstances into motion that led to a young woman being shot in the back as she tried to climb into the driver's seat to escape the violence of a routine traffic stop. On January 2, Portland police chief Foxworth received a faxed transmission of a letter from Deputy Attorney General Peter D. Sheperd. The letter basically informed him that the legislature has never passed a law requiring the licensing and regulation of the general public in their use of the highway or the streets of Portland. On February 4, 2004, city council heard a challenge to the Portland police bureau's public information officer, Cheryl Robinson, to prove her fraudulent statements, that the courts have decided that everybody has to have a driver's license. She was to bring one piece of case law supporting her claim to the next citizen review committee meeting. She didn't show in person. She didn't show by representatives. No one can doubt the facts that she failed to vindicate herself. On March 28, 2004, police officer Jason Sery killed James Jahar Perez on the pretext that he was a motor vehicle operator. It turned out that young Perez was another member of the general public using his vehicle as a matter of right. On March 30, 2004, the office of city auditor was served a public record law demand to produce a city charter amendment that provides police power to regulate the public of their automobiles, which the Supreme Court of Oregon said that Portland could not have. Last week each of you received a copy of that demand, and you know that it's not been responded to. You heard the city attorney being asked, did bring it? Did you bring it this week? You saw him sitting there like a bump on a log, stuffed animal. Three minutes is not sufficient to go through the list of suspects this morning, but I'll be back.

Katz: I know that.

Francesconi: Richard, when you come back, don't say things like stuffed animals for city attorneys ok.

Koenig: You can choose your words and I'll use them, Jim. You just send me a little letter.

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Katz: Thank you, richard. All right, everybody. Consent calendar, any items to be taken off the consent calendar by councilmembers? Any items to be taken off the consent calendar by members of the audience? If not, roll call.

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

Katz: Mayor votes aye. [gavel pounded] 907.

Item 907.

Katz: I'm going to turn it over to commissioner Francesconi and then to matt.

Francesconi: Council, members of the public, among other things today is transportation infrastructure day, and how we're going to use our transportation infrastructure to create jobs and to help our whole city, and that's -- we're starting with the tram. So this item in front of us today, before the council, represents a major step, milestone, in the redevelopment of south waterfront, and the creation of a immediate construction jobs as well as long-term research jobs. When we formed this l.i.d. for the tram, we'll essentially secure the last funding piece for the project, and start -- make this thing a reality. The l.i.d. will provide \$19 million of the \$28,500,000. L.i.d.'s are not easy. We get a lot of strong opinions about the benefits and costs. We'll hear some of that today, but it requires open dialogue and a critical step of forming an l.i.d. is listening to the testimony from the property owners which we're going to hear from today. We'll have an opportunity to hear from the property owners in the tram l.i.d. so that we can create the l.i.d. as fairly and equitably as possible. So one of the suggestions, I think, i'm going to make at the outset is that we listen to the testimony from the property owners, and I think it may be a good idea if we don't actually take action today, but let's see how the testimony goes. In the meantime i'd like to -- there's a couple of motions I need to make at the preliminary to set this up for the discussion.

Katz: Go ahead.

Francesconi: First, we need to accept, but not adopt, substitute exhibit f. This is a staff report on the remonstrances, which was received on july 22, 2004, and provides us with staff response to specific objections from the property owners. I want to make sure that the property owners have those. I think they do. There are copies, over here, and there might be another reason to not take action today --

Katz: We can't. This is not an emergency ordinance, so it goes on to second.

Francesconi: Ok, thank you. So that's my first motion, to basically substitute exhibit f to include the staff report.

Francesconi: Ok. Motion. Do I hear a second?

Leonard: Second.

Katz: Any objections? Hearing none, so ordered. [gavel pounded]

Francesconi: Ok, the next one is a technical one. It's to adopt and amend exhibit e to correct technical issues. There were technical and non-substantive issues that have been corrected.

Katz: Do I hear a motion?

Sten: Motion.

Leonard: Second.

Katz: So ordered. [gavel pounded]

Francesconi: We'll have public testimony, staff response, and then a counsel discussion. Go ahead, matt and andrew.

Matt Brown, Project Manager, Portland Office of Transportation: Thank you. Matt brown, Portland office of transportation. Here with andrew aebi. We also have Eric Hovee who has done work with us on economic analysis as well as Jane Blackstone of PDC. Briefly, just to describe where we're at in the process, on june 10 we passed a resolution of intent for this project and mailed notice to property owners on july 6 on the hearing we're having today. We received four remonstrances by july 22, and those remonstrances, depending on how you measure overall area, assessable area, things like that, represent 13.7% to 15.4% of the property owners in the -- in the l.i.d. briefly describing the l.i.d. proposal that's in front of you today, this will raise \$19 million in

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financing for the l.i.d -- for the tram project out of a total budget of \$28.5 million. \$7 million of that is within the south waterfront area. The other \$12 million is entirely ohsu property on marquam hill. Of the south waterfront l.i.d. about \$3.12 million of that is assigned to ohsu, north macadam investors, essentially the developer parties in south waterfront, and the remaining \$3.88 million is spread among the remaining property owners who are not party to the current development agreement. The l.i.d. was essentially formed based on two primary factors. First was the amount of developable area that each property contained. So in other words, we've taken out future street right-of-way and greenway dedications or setbacks so that there's an equal level playing field among all the properties in terms of what is actually left to develop and benefit from the project on. Second, there's also proximity to the tram terminus, was a determinate we formed in south waterfront three zones which radiate out from the tram terminus and have various rates associated with those. Closer to the tram terminus, the more benefit that a property will derive from the tram project. For support overall we're at 84 support signed petition support for the project. If we look at just south waterfront we're at 55%. And it's also telling that we have a majority of support within each of the three zones in south waterfront, each of the three assessment zones. So we have support basically throughout the project however you cut it. Briefly the remonstrances, and then I think we'll get to the testimony. Again, we've prepared a report, which was just entered in as an amendment to the ordinance in response to the remonstrances that we received. I think, if you look through there, all the basic arguments center on the amount to which properties will benefit from this project. We've done our best to try to outline our response to why in fact we believe these properties will benefit from the tram project. Before we get into any detail about that, I thought maybe we could hear the testimony first --

Francesconi: Yeah, I think that would be better.

Brown: And we'll be happy to respond to whatever questions you have later.

Katz: Ok, fine. Go ahead.

Francesconi: I think we're ready for testimony, then.

Katz: Let's go do the --

Moore: Come up three at a time.

Katz: Just want to remind all of you, you have three minutes, and there's a little clock. Some of you are lawyers, and that's why I remind you of that.

Francesconi: Welcome back, mayor. [laughter]

Katz: Go ahead.

Kerry Shepherd: Well, I think i'm first on the list. Good morning. My name is kerry shepherd. I'm an attorney. I'm here on behalf of swinerton real estate. Swinerton has authorized me to submit its remonstrance to the aerial tram l.i.d. assessment. To begin with, let me orient everybody. Swinerton owns 2.77 acres of fully developed property about two blocks north of the eastern terminus of the aerial tram. I say it's fully developed because it has a property with a two-story brick building completely rebuilt in 1986 approximately. It's fully serviced by all the infrastructure, all the parking that it needs. Frankly there's no need for this property to be serviced by a tram. Yet this property is planned to be assessed approximately \$237,000 to help build the tram. At the outset, let me state that i've read the other property owners' remonstrances, i've read the expert report submitted by dr. Randall pozdena, I think submitted by the zidell group, and those arguments that have been articulated on behalf of the zidells, and articulated by dr. Pozdena, apply equally to Swinerton and I would incorporate them by reference here. But more importantly the law is clear that the assessment on swinerton cannot exceed any economic benefit to the property from construction of the tram, if any benefit. The premise of the benefit has to start, if at all, with ridership. Who will be riding this tram to access the swinerton property, which is a -- it's an office building, that it offices a construction business. I would submit that there will be nobody riding this tram, trivial at best, nobody will be riding this tram to go to and from the hill, to access the swinerton property. I would submit, mayor and commissioners, that using a methodology that the

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city has articulated here, that is focused solely and exclusively on distance from the eastern terminus of the tram to the location of the property is as arbitrary as we can get. It is arbitrary in the purist form to solely and exclusively say you're 1500 feet from the tram, so you're going to be assessed at zone a. Somebody a little further's going to be zoned c. Somebody a little further is going to be zoned -- you know, whatever. That's arbitrary. I've seen nothing to indicate that there's any other factor being taken into consideration, other than distance. I see that i'm out of time.

Katz: You are out of time.

Shepherd: Thank you. I do have some written testimony that I would be happy to submit and I would ask that you consider it carefully. Thank you very much.

Katz: Thank you. Go ahead, sir.

Pasquale Pascuzzi: My name is pasquale pascuzzi. I wish to thank the council for speaking today. I'm representing my family-owned property on the north macadam urban renewal district. It's approximately 2500 feet south of the gibbs street landing of the tram. On april 8 we received a petition from garden and gerber inviting us to participate in the tram. Our portion of the l.i.d. would be \$41,530. They relied on E.D. Hovee preliminary economic analysis for the north macadam l.i.d. suggested that the tram hill -- the marquam hill and south waterfront will increase property values in the district, although no projections are made, the Portland streetcar, for example, they cite Portland streetcar as an example of such an increase, values climbing from 17% to 34% in a two-year period. Garden and Gerber stated that the tram l.i.d. compromises 1% of the \$2 billion in anticipated public and private investment for the south waterfront through 2020. They do not mention the proposed expense for the greenway l.i.d., the streetcar l.i.d., and a potential macadam l.i.d. and responsibility of property owners to construct full street improvements on some east/west streets. This hesitance by staff to review to address even approximate expenses for future lids in the district make it us difficult for us to redevelop and develop a pro forma for our property. Especially troubling is the design and construction costs for these l.i.d.'s, potentially doubling, as in the case of the very tram we're discussing today. At one time we could see the remote possibility of a bioscience facility being built on our property. This would create some justification for our financial participation in the south waterfront tram connecting to marquam hill. In our view, such a facility on our property is no longer viable because of the schnitzer land donation to ohsu. According to a june 29, 2004, edition of "the Oregonian," ohsu plans to place economic buildings on much of the schnitzer land, but has left open the possibility of selling small portions of the land for commercial biosciences uses. Our interpretation of this quote is ohsu and their ancillaries have more than enough land and inventory and a search for potential sites at the south end of the district will probably not be necessary. We admit that the installation of the tram may be a practical component to the business operations of future ohsu academic buildings and bioscience facilities clustering on the schnitzer property. Because of this extraordinary utilization of the tram by those at the north end of the district I respectfully suggest to the council that the schnitzer property be reclassified from zone a -- i'm sorry -- from a zone c designation, paying a mere 73 cents per foot for a tram l.i.d. to a zone b designation, making their obligation \$1.94.

Katz: Thank you. Your time is up.

Francesconi: Do you have something in writing for us?

Pascuzzi: Yes.

Bob Durgan: Good morning. Mayor Katz and members of the council, for the record my name is bob durgan. I'm speaking today on behalf of my client of jay zidell, president zidell marine corporation and ZRZ Realty who has contracted with my firm, Anderson construction to provide real estate development services for the zidell's 33 acre property on south waterfront. I would like to make a couple brief points before mr. voboril makes a remonstrance. First and most important I want to emphasize that this remonstrance does not represent opposition to the Portland aerial tram to the development of an ohsu campus. Or to the renewal of the south waterfront as a whole. On the contrary, jay strongly supports all these efforts. Jay was a founding volunteer board member of the

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Portland aerial tram, which is overseeing design and construction of the Portland tram. Which will be a significant asset to the city's transportation system. He has loaned a significant sum of money to facilitate the international design competition and public outreach needed to engage the neighborhoods on the project. He continues to serve on the pati board. Jay and his family also support the extraordinary investment ohsu is making in the Oregon opportunity initiative. Particularly its focus on creating a vibrant educational and entrepreneurial center on south waterfront. They were delighted to hear the schnitzer family recent donation of a south waterfront property to ohsu, which clearly provides additional momentum to ohsu's efforts. My job is to assist the zidells as they work toward achieving their own vision for redevelopment of their land. We appreciate the willingness of pdot expressed in its letter to us on june 10, which regretfully we only obtained on the 28th, and we put together a package that I distributed this morning in response to it. We want to work through this development agreement. I have reviewed the issues raised in that letter and provided a detail response to you in a package this morning. Once again, the zidells do not oppose the l.i.d. Or the aerial tram, but they do seek a demonstrably fair allocation of an l.i.d. assessment. In order to advance in goal and work toward a resolution, they feel a formal remonstrance is necessary as mr. voboril will now present.

Katz: Thank you. All right, joe? Where's joe? Why don't you come on up.

Joe Voboril, Tonkon Torp: Good morning. Joe voboril. You have before you a letter of remonstrance which I filed on behalf of our clients, ZRZ Reality Co. and zidell marine corporation. In order to create a valid local improvement district there must be evidence that the assessment is roughly approximate to the benefit to each property being assessed. In this instance the improvement is an aerial tram that has a single purpose -- to shuttle people from the north macadam area to the ohsu campus on marquam hill. As randy pesdina has stated in his opinion letter the assessment methodology must be based on a reasonable analysis of the expected tram ridership associated with each property. And what evidence do you have before you with respect to ridership? Well, I submit to you the best evidence you have is exhibit g-2 to the development agreement, because that agreement is based upon the premise, and states in exhibit g-2, that the estimated anticipated ridership related to ohsu is between 80% and 90%. And based upon that, the development agreement has an operation and maintenance budget that assumes and states ohsu will pay 85% of the maintenance and operation costs of the tram, the city the balance. It's got to be emphasized. That was before it was announced and before schnitzer conveyed the 20 acres of its property to ohsu and ohsu announced that this 20 acres of schnitzer land would become educational facilities connected to the hill by the streetcar and the aerial tram. Given this recent development it's easy to say the ridership for ohsu will far exceed 85%. The current methodology fails to take that into account, and it fails to take usage, and instead we argue disproportionately shifts the costs to zidell and other properties such as swinerton. Therefore you have a situation now where you have blocks 33a and b in the central district that will have a 1300-space parking garage, bigger than any parking structure in downtown Portland, which is going to be assessed at \$84,000 an acre compared to zidell's assessment on its barge operation and corporate offices of \$253,000 per acre. Three times the amount. Then you have the condominium towers under construction. The Meriwether will contain 245 units and the john ross building, 314 units upon completion, will have a value of \$110 million. Those parcels are being assessed at \$84,000 per acre. Zidell, \$253,000 per acre. There's just no way, given usage of the tram, you can justify those results. I'm not sure, my three minutes may be up.

Katz: Almost.

Voboril: Ok, i'll be brief. We've just received substitute exhibit f. I was pleased that commissioner Francesconi said at the beginning -- that was it --

Katz: Finish your sentence.

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Voboril: I'll wrap it up. -- that this will be delayed. We'd ask that we have a period of seven days to respond to the new information in exhibit f. We just got it and read it quickly. I can tell there's new evidence. Sounds like we'll have that chance. Finally i've submitted --

Katz: I'm not sure. We'll hear the testimony by staff and we'll make a decision. It goes to second anyway, so there's no vote today anyway.

Voboril: Just reasonable extension.

Katz: Thank you.

Eric Fruits: My name is eric fruits. My business address is 888 southwest fifth avenue. I'm a senior economist with econorthwest and an adjunct professor at Portland state university where I teach a graduate level course in real estate finance. Echo northwest was retained by council for zidell to provide an economic evaluation of zidell's aerial tram lid assessment. Based on our preliminary analysis we've concluded that the city's reliance on the single criterion of distance from the eastern terminus is fundamentally flawed in its failure to account for other relevant factors that affect property values. Our preliminary analysis also concludes that the city has not reliably demonstrated that the tram will improve accessibility to zidell's properties in any economically relevant way. Any evaluation of the benefits to the property owners must include a reasonable estimate of the expected tram ridership associated with each property. Then the cost savings associated with such ridership must be compared to the proposed assessments to the specific property owners. It is important to note that any evaluation must account for the costs and timing associated with demolition, rehabilitation, and construction of the facility that would capitalize on the aerial tram's existence. This will provide an estimate of the net benefits to the property owners.

As a first step, I provide a preliminary estimate of the number of trips that zidell's properties must generate. It's in the materials i've submitted to the clerk. This estimate provides the number of trips that zidell's properties must generate, either to or from zidell for the travel cost savings to equal the proposed l.i.d. assessment. The table assumes that the property can be redeveloped within five years, in other words the site can be -- the current structures can be demolished, the site rehabilitated and the new building constructed within five years. The table shows that zidell's properties must account for nearly 2/3 of the total tram ridership. The city and ohsu have repeatedly established that ohsu intercampus trips will account for at least 85% of total tram trips. This was before the schnitzer donation, likely resulting in a higher fraction of ridership by ohsu. In other words, the city's own estimates indicate the zidell's properties will never generate a sufficient number of trips for the net property value increase to ever meet, let alone exceed, zidell's l.i.d. assessment. Thank you very much.

Katz: Thank you.

Francesconi: Before we switch to a different property owner, regarding the zidell thing -- well, first of all, bob spent a lot of time talking about how jay zidell values the tram and the development. And that's true. He's been there, working really hard to make this whole thing happen. Let me say that as a preliminary. What we're really talking about is how much money should be paid, not the value of this to the whole area, which I appreciate. But it seems like your argument is going -- that it should be based purely on ridership of the tram, as opposed to location, distance from the tram. So your whole thing boils down to ridership as the central factor, but the whole idea here is location, location, location, is what I thought real estate was all about. And here you're going to have a major transportation infrastructure investment that's going to benefit everybody, including your client, and the property values are going to go up. And I don't know how you can dispute that. And just go to a single factor of ridership on the tram. Doesn't make -- that part doesn't make sense to me. Because you're doing the same thing you're accusing the city of. That's my -- I just wanted to air it out to let you respond.

Voboril: Do you want to respond to that?

Katz: Go ahead.

Francesconi: I wanted to give you a chance to respond.

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Voboril: Sure. I think in a nutshell the problem is, that so much of the zidell property is zone a, \$5.83 a square foot or \$253,000 an acre. Zidell will not be a primary beneficiary of the tram. Some day, over time, as eric has explained, if they can relocate, clear out their property, and redevelop, some day, as I said last time when I was before you, there may be a value. In fact, there will probably be a value down the road, but he's a spin-off beneficiary, zidell is. Some day, yeah, sure, there may be a value down the road, as all the other property develops. That's a secondary beneficiary, which sounds like a zone c to me. Someone earlier said if we were in zone c, we'd be ok. I think zidell and -- if some of his property, portion of it was b and the rest were all c, probably be fine. That would make some sense, but putting six of his acres in zone a at \$253,000 an acre makes no sense.

Katz: Thank you, joe. Go ahead. Grab the mike.

Jeff Bachrach: Thank you, mayor Katz, members of the council. My name is jeff bachrach, here representing a somewhat smaller property owner, representing a woman named terese wooding, president of z.v. Company, owning a block that's got a warehouse on it today. It's located right here on the very edge of zone b. This is zone c. This is zone c. We're on the edge of zone b. And I think it's a mistake -- there's a technical mistake. I'm not here challenging the fundamental assumption of the l.i.d., assuming other other property owners are. I'm simply asking for recognition of a technical mistake, an objective mistake that I hope you guys can take a look at and correct and move us from zone b to zone c. Here's the mistake. As you've heard, the standard is how far are you from the tram's landing, and the operative standard, though it's not in writing, this is a verbal standard, is 1250 feet. As I understand it, that's based on the assumption, that's about how far somebody's going to walk. That's a quarter of a mile. Once you get to that distance and beyond, people aren't walking to transit. That's why 1250 is the cutoff. Our property -- and it's difficult to measure today with any accuracy because of all the construction, but according to your staff the 1250 -- here's the site. Here's the existing building. 1250, I guess, and i'm not sure this is right, just touches the northern corner of this block. But if the standard is 1250 feet to front door, which is what i'm told it is, the front door is on abernethy, on the sound end of the block, so we're really more like 1500 or 1600 feet from a practical walking sense to the tram. That should be recognized and we should be moved. One other point in support of that, in the june 20 report, while your consultant -- by the city's consultant, this property was in zone c. When the notice first went out, when my client first looked at it, it appeared this property was in zone c, the appropriate zone. I realize this is an evolving process. Somewhere between june 20 and today the property got moved into zone b, and I think that's unfair. I think it's just an error. I guess you could argue maybe a corner of the property touches 1250, but the balance of the property, and certainly the front door of the property exceeds that standard. So our request is that adjustment, it would be a minor adjustment in terms of the overall scope of the project, we're talking about by moving it, its total net effect, I estimate, depending on how you recalculate it, about three cents a square foot into zone c, increasing zone c by three cents a square foot. A significant savings for my client's property. I hope you can find a way to do that. It will not require -- it would qualify as a minor change in, and your code allows minor changes, without new notice, new hearings. It is something you have the authority and ability to correct. I hope you'll consider doing it. It's a simpler correction than some of the more -- than some of the more difficult issues you're hearing from some of the other property owners.

Katz: Thank you.

*******:** Thank you.

Doug Bean: I'm doug bean, commercial real estate broker, doing business in Portland since 1975. So I feel that I have a pretty good working knowledge of these development patterns, and I -- my client, lagrande industrial supply, supports the tram, and we're all excited about the job creation and the -- and the potential that this has for the city. It is absolutely tremendous. I think the staff did a good job in terms of bringing this altogether. I applaud ohsu. I applaud homer's group. I think it's

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really a tremendous thing. However, having said that, I think that the lagrande property is on macadam avenue and i-5, and the -- and when you look at an l.i.d., I think that as you said, commissioner Francesconi, that it's location, location, location. And I think that there is a very logical argument to make, that this property is along i-5, and it's not magic that the first condo development is not on i-5, it's towards the river. And I think that the economic benefit of the properties that are off macadam and off i-5 is greater than the properties along macadam because of the noise and the freeway issues. And we are simply asking that the land -- the lagrande property is -- is on the line between b and c, and that you favorably entertain moving the lagrande property to a c, and that would probably be the fairest thing that could -- that could be done to accommodate a more equitable distribution of the costs of the tram.

Katz: Thank you.

Moore: That's all who signed up.

Katz: Anybody else want to testify? If not, matt, come on up.

Francesconi: Before you testify, matt and I have talked, and andrew and I have talked about all of these, but the issue of z.v. Properties, I think technically, jeff, it may qualify. It may not be exactly the front door analysis that you said technically, but having said that I think that there is a good argument that it should be in c as opposed to b. But then if that happens, then there's a readjustment for some of the b folks. I don't know if the b folks want to testify here today. This is why i'm bringing it up. So matt and andrew, first why don't you address that issue, to see if anybody wants to testify in the b category. And then you can address the rest of them, too.

Brown: Sure. Just one quick correction, too. I know that jeff --

Francesconi: And I don't know about doug's. You'll have to address that --

Brown: Same issue. The property's adjacent.

Katz: Why don't you start from the top and address --

Francesconi: Ok.

Katz: -- the zidell properties and the other properties, and then handle the one that commissioner Francesconi just mentioned. That may be easier to deal with.

Brown: End up with that at the end. Would that be ok?

Francesconi: Sure.

Katz: Yeah.

Brown: Ok. Let me start, I think as commissioner Francesconi pointed out, it seemed to be presented that ridership should be the standard by which we define benefit for this. And we believe that's inconsistent, not only with what -- how you really can see the benefit evolving in south waterfront, it's also inconsistent with the way state law asks us to measure benefit on local improvement districts.

Katz: Why don't you restate state law.

Brown: Ok. And that's why I have my l.i.d. expert here with me to help me if I should stumble on this. But they ask us to look at the peculiar and special benefit of local improvement districts, of the improvement to property, and really the measure for that is looking at the highest and best use of the property as it relates to this improvement. In this case, obviously, there's a lot of information in a report about how we would see the properties redeveloping or what the development potential of these properties are, but to kind of look at, say an existing barge facility or existing two-story office building on a site that can accommodate far greater levels of development is inconsistent with the way you're asked to measure benefits to properties. So there's an economic measure here, not just a ridership measure for how you look at the benefit that a property derives. So as an example, for the zidell properties, the -- if you look at their gross site area, the tram assessment rate is about \$1.65 per square foot. If you look at their, say, postgreenway dedication, poststreet greenway dedication, it's about \$3.60-something a square foot. So the question really is, can they benefit? Can their property achieve those kinds of values with the investment in the tram and the redevelopment of south waterfront. And I think the answer that we've gotten back in the work that eric hovey has

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done is, yes, it's entirely in the realm of reason to see that. We've been able to demonstrate that those properties will achieve the benefits we say they will achieve. We say we believe they'll exceed the benefit that -- that we're assessing on this project. So, I mean, I think that's really the key argument that we heard, and I think that would be our primary response to that. Let me look through here real quick. Real quick point to make, too, on the overall funding for this project. We estimate ohsu ridership in the first couple years to be around 85% of the tram. That's what we're going to base our first operating plan on for the first couple years of the project. If you look at our total budget, \$28.5 million, and taking out, you know, the city's contribution of that, and just looking at the other parties that are contributing to that, property owners other than ohsu and the north macadam investor folks, are putting about 11% of the funds on the table for this project. So I would argue that it's also -- the l.i.d. Is in proportion to the ridership, in fact, that there is -- that there is that kind of proportionality there. So, you know, and it's even less than what we would -- might otherwise assign if we were to do it purely on ridership. One last note. Mr. Voboril stated that one day we do believe we will attain value and benefit from this project. I would say that's exactly the standard we're asked to apply to l.i.d.'s, is that we're looking to the future benefit of the project, not what is there today, but what is possible and how -- what the development potential, the highest and best use of that property is, and how it could benefit from the local improvement district. So I think they're actually kind of reinforcing our point and our methodology on that, that in fact that that's how we are measuring the l.i.d.

Francesconi: He didn't exactly say that. He said there's going to be a value over time, but he didn't concede --

Brown: Over time there will be an increase in value to their property.

Francesconi: Right.

Brown: All right. And that's -- that's how we measure it.

Katz: Matt, the same goes for some of the other property owners.

Brown: Absolutely.

Katz: Ok.

Brown: Absolutely.

Katz: So why don't you jump to the ones on the edge.

Brown: Mr. pascuzzi brought up another point. I want to clarify, this is a capped local improvement district. Yes, we've seen cost increases in the project, but this is not a blank check. We do not have the opportunity, if costs go up yet again, which they shouldn't, but if they go up yet again, we don't have the opportunity to just come in, you know, ad hoc, and raise the l.i.d. So this is capped right now. With the assessment that they see is what they'll get at the end day on the improvement. The only thing that's a little up in the air right now is what the finance rate is between now and then. That's the only variable really in the equation. So I think, unless there's some other issues, on that, I think that brings us to z.v. and to lagrande. You know, technically what we've done is we've measured to the north side of -- i'm sorry. It's gains, right? Is it gains. We believe we've applied the methodology correctly. They're stating the issues differently. We'd be happy to go back and check again to make sure that those were applied correctly. If there's some other options, wade be happy to look into those as well. The only other note that I would make on mr. Bean's comment was, while I agree that the property along macadam probably has, you know, less of a aesthetic kind of value than, say, properties along the river, I also think those values are also already reflected in the value of the property you know, property on the riverfront today is already more valuable than the property on macadam. So the question is even with those differences in value today, does the project essentially raise everyone's value at the same time? And we think that there is a benefit, that the property even along macadam, that its property values will improve and its development potential will improve with the project being put into place. Now commissioner Francesconi, you had a specific question about, I think, how it might work if we were to -- what an option might be. I think we could go back and look at the effects of moving say the

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z.v. Property into zone c. I think it will potentially have an impacts on zone b and zone c assessment rates, and we'd need to work that through --

Francesconi: Is there a policy rationale to do it? What's the policy rationale to switch?

Brown: We have to look to see if we applied our criteria correctly and whether in fact one rationale may be that, I believe it is Lane St. to the south, will that be a dedicated public street? If so are we really talking about a 2 block area or 2 single blocks? I think that is something we'll need to go back and take a look at. That would be the rationale if we were to make that change—is there a public street that will be put through the middle of that block.

Francesconi: I see.

Katz: Let me ask the question, you consider what you just described minor changes?

Brown: Yes.

Katz: So there's no need for notification.

Brown: Correct.

Katz: Do we have a clue as to what the impact is going to be for properties in zone b if you make those small adjustments in zone c?

Brown: Just doing it in my head, I think it would be 6 to 8 cent per square foot kind of adjustment. But it's hard to say right now what it is.

Katz: OK. If you decide to recommend to us that we ought to make a change, then what we will do is have another hearing before the vote, to allow the property owners --

Brown: Procedurally, too, I don't believe we can go through first reading today.

Katz: We can't.

Brown: Because we just put in exhibit f.

Katz: We can't. We may have to advance it for another week as well. There's no time crunch on this.

Brown: We're ok with that.

Katz: Ok, all right. Questions by council? Ok, so let me summarize. You'll be looking at some of the minor changes -- educate me for a second. What's the appeal process to a property owner? Nothing beyond that?

Brown: No, not within the city.

Leonard: Let me ask one question. You indicated that you believed that the value of the property in the area would increase. You have some basis for that belief? Do you have an analysis that you've had conducted or --

Brown: Let me -- let me -- yes. There's an analysis that eric hovee conducted, and that's in front of you. I'll also offer another piece of evidence based on what we're seeing right now in the central district, if that would help. In the central district, both the value of the property, the raw -- the raw value of the land, as well as the costs for what they need to do to improve that property, including demolition and site preparation, costs for paying for public streets, and their l.i.d. Assessments, is around \$62, \$63 per square foot. They've had recent appraisals that put that property value in the \$100 to \$120 square foot range. So this is looking at raw land, of folks that have bought in the last two or three years, which is unlike many of the property owners we've talked about have actually controlled their property for in some case decades, that have invested in improvements around there, and who are able to value their property at a much higher rate. So I think we're seeing that already in this district, and essentially what i'd say is there may be, in terms of the raw land value, you know, others may be starting from a lower basis than the folks in the central district are. So that's some recent evidence. It's highlighted in our report as well. And there's some other examples in there as well. Ed and I would be happy to get eric hovee up here as well to speak about it.

Leonard: The report from hovee on page 2 says -- it says it does not purport to analyze economic benefits on a property-by-property basis, but rather districtwide. So that the argument that I heard from the property owners is there may be some increase in value, but the lines are somewhat arbitrary. So my question is, how did you determine where the lines are? How do you know

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specifically from a particular property owner that that individual's property is going to increase versus the wider district value, which I understand, but that really isn't my question.

Brown: When you talk about the specific properties --

Leonard: I'm asking --

Brown: Why aren't we doing this on a property by property basis and evaluating each one with its special and unique circumstances?

Leonard: That's not what I asked.

Brown: Ok. I'm just trying to be clear about that. I'm sorry, then i'm missing the question.

Leonard: The question was, we heard specific concerns about particular properties increase in value. You indicated that your opinion was that everybody's value was going to increase. My question is, based on what on a particular property? I appreciate that in a given area, or district, the values will appreciate. My question is more specific. How do you know a particular piece of property is going to appreciate at the same rate as other properties closer to the tram?

Eric Hovee: Eric hovee, for the record, economic consultant, doing work for pdot and the Portland development commission. We conducted an initial analysis, actually, in june of last year, and then - - that was the -- as noted in the most recent correspondence, some of the details of the lid have changed since then. In our initial analysis, we did not -- we did not look at each individual property. We did look at some representative cases of different types of properties, and our conclusion was that kind of key variables that would influence what the benefit would be to a specific property would be, number one, what the -- kind of the basis or the going end price for the land is, but knowing that different owners have purchased at different times, and secondly what the intensity of the development would be once they actually develop. Those could -- both of those things would influence what the return would be. Our conclusion was, looking at a range of four different scenarios, that in all of those cases, that the increase in value appear to be much more than adequate to offset the cost of the l.i.d. now there obviously could --

Leonard: For particular properties or the district?

Hovee: We looked for the district. We took four different examples of types of properties. We did not base it on specific properties.

Leonard: Let me give you an example to help you with how i'm thinking about this. Whatever the boundary of the district is, let's arbitrarily for the purpose of this question extended those boundaries one block in every direction. Wouldn't then still, then, the value of the district increase?

Hovee: There's no question but that any time you're drawing the lines, that there's perhaps added value going beyond the district. Yet the --

Leonard: That's not my question. My question is, you can argue that the value of the property in the district is going to increase. And I understand that. I agree with that. That makes sense. What i'm asking is, how is it that you assign an increased value in a particular piece of property from a specific grievant in this case? How to we respond to them that we believe your particular piece of property, beyond what the district is going to see an increase in value, has increased in value or will?

Hovee: Yeah. Again --.

Leonard: I guess i'm hearing you didn't do that particular analysis.

Hovee: We did not do that particular analysis, right. And that is something, that our understanding is, that the city code and charter do not require a property by property analysis either.

Katz: Matt, did you want to add anything?

Brown: I would just add that -- I mean, the four scenarios that eric talked about, that we looked at, essentially gave us a very broad view of the different types of developments, different types of costs that might be associated with development in the district. And I think, you know, not doing -- not doing this on a property by property basis, we can look property by property and say, would these -- is it -- are there any scenarios that would maybe fly outside of these four that we came up with. I

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don't think there really were. It gave us a range of kind of potential returns, you know, on the l.i.d. So the lower end of the return being if you came in and bought property at a higher value but developed at a low density, then you would get a lower rate of return, versus someone buying at a low value, developing it high, and then the other two scenarios in between. Did we apply that to each property? No. But did we take a look at the district and say, does this cover essentially the properties within this district? I think that was essentially the test and the standard that was applied.

Katz: Ok. Thank you. All right. We'll be back next week. All right.

Francesconi: Just so we can clarify the process a minute, mayor, because it came up. So will the property owners who just got the staff report -- I mean, the option is to do something in writing ahead of time, or just have them come back and testify in response to the staff. But then I don't want the -- to keep this thing going on and on forever here, is what my concern is. I think it would be better if you could respond in writing by such a point --

Katz: I'm assuming matt is going to make some -- i'm just assuming matt may make some changes. Once he does that, we'll then open it up for testimony, so they can then come back and testify on the report.

Francesconi: Ok.

Katz: Not you, jeff. [inaudible]

Brown: For written -- I mean, if I might suggest, at the end of the day, monday, 5:00 --

Katz: We can do it both, as commissioner Francesconi suggested, we can do it in writing, and then they can come and add a few words.

Brown: Ok.

Katz: Assuming -- assuming there are changes. If there are no changes, then the writing testimony will be the only thing that the council will have before it.

Brown: Ok.

Katz: Ok? Is that all right with you?

Francesconi: Monday at 5:00. Does that give you enough --

Katz: Ok, thanks. Item 908.

Item 908.

Francesconi: Thank you, everybody.

Katz: Ron, when we left off last time there was some conversation about looking -- looking at the numbers, seeing if you were comparing apples to apples, or to tangerines. Having the committee -- the selection committee review that information, and then come back. Now in addition to that commissioner leonard has requested that we take a look, you particularly, or some consultants, to take a look at the possibility of having this service provided by city employees, to see what --

Leonard: That's not precisely the confines.

Katz: Oh, ok.

Leonard: If there's some entity that could be created by the city --

Katz: A nonprofit or something like that.

Leonard: I don't want to limit to that any particular model.

Katz: A little broader.

Leonard: Could be as broad as it needs to me.

Katz: Ok. Now I think commissioner leonard is willing to do that, after we act on this, and for you to proceed to do that kind of analysis.

Ron Bergman, Director, Bureau of General Services: He just took my presentation.

Katz: Ok. I'm sorry.

Bergman: No problem. As the mayor said, this item is back again, the selection committee did hear the concerns and the issues that were raised from council at our last meeting. They asked for clarification from the opposers, and they have reaffirmed their recommendation to you. We have

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most of the selection committee here today if you have questions of them. Pam erickson, one of the members, is going to kind of just introduce their reaffirmation for you.

Pamela Erickson: Thank you. Mayor, members of the commission, i'm pamela erickson. I was a member of the committee, and i'm going to read a brief statement from the committee. On behalf of the city, we were asked to evaluate proposals for attendant and revenue control services for the city's six parking garages and five surface parking lots. After reviewing five proposals, we elected to interview four firms. Based on our initial review and subsequent interviews, we completed a final scoring and ranking of each proposal based upon the criterion set forth in the request for proposals. We recommended to city council that star park be awarded the contract. Based on questions that were raised during council sessions on june 30 and july 7, we developed a list of clarifying questions aimed at ensuring that the proposals were evaluated on an equal basis, and submitted these questions to the four proposers we originally interviewed. After reviewing the answers and reexamining our original scoring, we concluded once more that it is the city's best interest to award the contract to star park. Star park's proposed concierge oriented service, the weekly information sheets, their diversity effort, and what we perceive as a more transparent operation, are all reasons we think star park will better serve the city than the other proposers. While star park's management fee is higher than the other proposers, we think the costs are justifiable investments in stabilizing and growing the city's parking business. Thank you.

Bergman: We also have here jim van dyke from the city attorney's office if there are questions about process or other issues that you might want to ask.

Katz: Let me ask you one of the questions. As you went back to review the numbers, did you make any substantial changes to your analysis, or you just reviewed your analysis again?

Bergman: We reviewed the analysis. There were some changes to the dollar cost as we clarified the number of supervisor hours that would be acting as attendants in one of the proposals. We did not change any of the scoring because it didn't make any difference in the process.

Katz: Let me ask the council. Does the council feel that we might want to give time to star park and greg goodman, three minutes to respond, to any of the new analysis?

Leonard: I do, but I had one question to ask ron.

Katz: Ok.

Leonard: You had indicated you were requesting information from star park relative to the actual -- the agreement in its totality between the minority chambers and star park.

Bergman: Yes.

Leonard: Have you received that information?

Bergman: Yes, we have. And I was under the understanding that a copy had been sent over to you.

Leonard: It may well have been. Did you find it satisfactory?

Bergman: Yes, we did. Basically what commissioner leonard is referring to is the operating agreement, the creation of an l.l.c. For the contract management group and star park that defines their relationship in terms of this particular work. They sent over a portion of the agreement for us to review that described the relationship, but there were other sections of the agreement that were missing, and we got those other sections, and they were fairly standard kinds of language that did not raise any questions for us.

Leonard: Ok.

Katz: Ok. Where's jim? Do you think you need to testify.

Sten: I have a question.

Katz: Go ahead.

Sten: Could you give us more elaboration on the cost differential? For me the issue was did we correctly really weight the difference in the costs between the two proposals enough. Could you give me a better sense of what you found on that?

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Bergman: Yes. As you recall, the contract is really divided into two components. There's the fixed management fee, and there are a series of reimbursable costs. The fixed management fee between the recommended firm and the lowest cost proposal has about \$200,000 difference over the term of the agreement. So that's right about \$50,000 a year difference for the management fee. And that is a difference between the proposers. The reimbursable expenses are primarily the labor costs for the attendants themselves and the onsite supervisors. Those costs, under the terms of the contract, are completely controllable by the city. And so we determine what those levels should be.

What we did ask in the proposals was for the firms to tell us what they thought was going to be necessary in order to do that work, even though the decision on what that staffing level should be, is the city's. The low-cost proposal submitted essentially two hours per garage of onsite supervision acting as a supervisor, whereas the recommended firm proposed eight hours of onsite supervision per garage. Big difference in the number of hours. That difference represented about \$400,000 over the term of the contract. As staff, we agree with the selection committee's concern that two hours of onsite supervision is not enough. Eight hours, in our view, is probably more than we need.

And so we will be working with the contractor in terms of having staffing at about four hours per garage on average, but staffed in a way that the onsite supervisor does not act as an attendant, but essentially has a couple garages with shared time back and forth. So when you account for that, the difference is about \$50,000 to \$60,000 a year.

Sten: Ok.

Leonard: Can I follow up on that? Because this is a point that I was concerned with at our last hearing, that after having explained to me and my office by you I understood better, but at first blush I think most people hearing your explanation would think why would we pay for a top-heavy management organization when we have one being offered to us that's a little more streamlined. That was the reaction, I think, I had. And I know others did as well. Can you explain better why in this particular instance -- not better, but just explain it so people understand why in this particular instance you want managers on site.

Bergman: The garage business is a cash business. Most of the transactions are cash transactions. So having direct supervision of the attendants is an important way to create separation of duties, create oversight, so that transactions can be monitored and accounted for and folks understand that there are systems in place and people in place to ensure that the transactions are recorded properly.

Leonard: Thanks.

Katz: I have a question in terms of timing. We award the contract today. How long do you think it's going to take to do whatever analysis for other variations of management?

Bergman: For the analysis of other alternatives, we are probably looking in the 30 to 45 days to complete. Mostly for timing to bring on a national parking consulting firm to look over our shoulder and just ensure that we've done this thing correctly. If we take a look at that and decide that that is in fact something that we want to do, the contract has a 60-day cancellation clause in it that the city could activate at that time. It will probably take in the 90-day time frame to actually staff up and tool up to figure out how we might actually do this, which then puts us right in the beginning of the holiday season for downtown, which probably isn't a good time to make a change. So if we were to do that, we could probably look at a january time frame.

Katz: Ok. I just wanted to make sure that we have the ability to make those changes.

Francesconi: Yeah. Following up on that, one of the things I looked at was shortening the length of the contract, because i'm still not convinced that the weighting factors were right that we gave to the committee to begin with, but we did give them that, so our options are to rebid the contract. One of the things I looked at was shortening the contract. If we shorten the contract, that's not legal for us to do. So that's not an option. The reason i'm bringing all this up is because that 60-day clause -- and i've talked to star park about this -- could be exercised for other reasons if we chose. I'm not saying we're going to do that, arbitrarily just do that, but we have to have conversations

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about how this is going to best serve the retail community downtown. So another thing is, if the service doesn't improve, or if it's not working to produce new revenue, there could be other reasons to exercise the 60-day clause. So what i'm doing right now is giving public notice to folks that we know that 60-day clause is there. You know it's there. And it forces us to try to work together to make this thing happen, if the council awards it. Because that 60-day clause means we can terminate this thing. Even though we don't have a history of doing it, if we're not serving the retail, if the service doesn't improve, if there's other options, then we need to exercise it.

Katz: Ok. Jim --

Leonard: If I could clarify the request i've made. It's so that everybody hears it without it being diluted. It comes from a belief that the garages are owned by the citizens. We acting on their behalf are responsible to make sure they produce as much income for the city as possible, that responsibility does not include some requirement that we have anybody manage them for us. It has felt like me, that has gotten lost in the discussion here, that we have one responsibility, and that's to make sure they're producing as much income as possible for us. And I think this analysis will help us understand better whether or not this process we used to have contractors do that for us is that best model or is it some or model that we could create that would be rather innovative that might not have public employees directly managing them, but some entity that we'd create that had some incentives in it, the only goal of which is to make sure those slots are filled with as many cars as possible.

Katz: Ok. I think we set the stage now. Three-minute testimony from both parties.

Moore: I have a sign-up sheet.

Katz: You've got a sign-up sheet in go ahead, karla. That's fine.

Moore: Come up three at a time.

Katz: Go ahead.

Virgil Oval, Chief Operating Officer, Star Park: Ok. My name is virgil oval. I'm the chief operating officer of star park. I'd like to say on behalf of star park and the chambers that we're pleased to be before you once again today. As you know, it's been a long process. Star park and the alliance of minority chambers are formally organized as cm group llc, with star park as the managing partner. Each of the minority chambers share in the management and success of the contract. We strongly believe in this process and the hard work that everyone has put into it leading up to today. We were chosen by the selection committee as the company that provides the best value to the city in the performance of this contract. This was a competitive process, beginning with six companies, five companies turning in proposals, and four companies receiving interviews. We believe the process was conducted with the highest level of integrity and we're very pleased to receive the selection committee's recommendation a second time. The question of which of the five companies will offer the best service that best meets the needs of the city has been considered, discussed, debated and answered twice by a city-appointed panel of well-respected community leaders. We urge the city council to properly give great weight to the r.f.p. process and the selection committee's recommendations that resulted from that process. All companies in this r.f.p. process had fair and ample opportunity to present their proposal in the best light. Star park and the chambers will fully cooperate and assist the city with any evaluations to explore the city, taking over these services in-house or in any other form that might be suggested. Our contract with the city, as ron bergman pointed out, has a 60-day cancellation clause should the city decide to take this major step. We strongly feel that the city is best served by having a fresh approach to how these garages are operated. We're confident that the \$217,000 difference in fees will be made up by our ability to attract more business. This difference works out to six new cars per day over the term of the contract for each facility. In addition, we are proposing cost savings and new customer-friendly technology applications, such as pay on foot stations, integrating smart card technology in the garages, surface lots, and onstreet system technology also in the city's surface parking lots. Star park garage employees will focus on the areas of customer service, cash-handling procedures and

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knowledge of downtown Portland. Each attendant be trained to operate their booth like a concierge desk and be true ambassador for the downtown. Downtown information will come in conversation through attractive handouts with retail promotions alerting customers to what is happening downtown that week and beyond. This will help re-establish the garages as destination garages and help maximize revenue. The award of the smart park contract to stark park and the chambers is a positive step to a more competitive market for parking in downtown Portland. Competition makes everyone better. The community and our customers, businesses and consumers will alike, will be the beneficiaries of that competition. They will experience the best service at the best possible price. We respectfully ask that you make the decision today to accept the citizens committee recommendation. Thank you.

Roy Jay, Alliance of Minority Chambers: Good morning, mayor and city commissioners. On behalf of the alliance of minority chambers and my partners, I also want to reiterate what virgil has set forth in front of you. Commissioner Leonard, I wholeheartedly agree that these garages do belong to the public and we have a fiduciary duty to maximize as much revenue as possible. I'm very confident that we'll be able to move forward in a very expeditious manner and make these garages even more profitable than before. So I'm not going to use up three minutes. I just wanted to be here to make sure everybody understood what page we're on, and we're all on the same page. Thank you.

Katz: Thank you. Questions? Go ahead.

Robert Tybie: Good morning, mayor, commissioners. My name is Robert Tybie, I live in the laurelhurst neighborhood, city of Portland. I was a smart park manager for a number of years, and there were two issues that I thought were relevant, that I would bring up before the council. The first issue is relevant to both parties. Both of them own at least one parking garage and manage others. And while I was working for the smart park system, there was a kind of co-mingling of administrative functions for city center parking and for smart park parking, which resulted in the performance of a lot of duties that although trivial truly belonged to city center, not smart park. These things came about simply because the smart park manager also manages an even larger number of city center garages. He does both things at once. To be efficient and expedient, which he is, and he was a good manager, I'm not trying to run down either p.m.c. or my supervisor, but in doing so smart park employees are being paid to do city center work, and it's really something that should be stopped, or at least addressed and maybe stuck into the new contract somehow. I think this lends just a tiny bit of weight to a proposal that I heard commissioner Randy Leonard make, simply saying the city should take the whole darn thing over yourself. I don't know. The second issue is a little more serious. It involves a comparison I made between the gross revenues that were reported to the city of Portland for a particular time period and the gross revenues that I saw coming through my office, which at the time was shared by the bookkeepers for the smart park parking system. When a comparison was made, there appeared to be a discrepancy. I'm not a bookkeeper many I'm not trained in these matters, and I shouldn't have been sticking my nose in there at all, but I did do it simply because I had heard, in my tiny little office, which I couldn't help but hear, a very heated argument between my supervisor at the time, Homer Sachib – I think that's how you pronounce it, Mr. Matthew Fox, bookkeeper, and Al Nickenbar, Goodman's right-hand man, who was Homer's supervisor. Apparently Mr. Fox was not going to make certain changes that the smart park supervisor insisted he do. She went and got her supervisor. The two of them tried to get him to do it. He wouldn't do it. His argument was that the changes were, in his opinion, definitely unethical, and probably criminal. And that because the bookkeepers -- there's something to do with copyright laws, and he's the author and he didn't want to have any responsibility for this, he wasn't going to do it. Mr. Nickenbar responded, and quite appropriately that Mr. Fox works for him, and he doesn't have to justify everything he does, that Mr. Fox's job is to simply do what he's told. That's quite true. You can't run a business if your employees are questioning your every move and you have to justify them. You couldn't run an army that way either. I couldn't make up my mind what this

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meant. I really valued mr. Fox's opinion. That's why I made the comparison I made. It's just tended to lend weight to what mr. Fox said. I'm bringing this up simply because the city, for practically no money at all, could make the same comparison today. You could pay a man \$50 an hour to make the comparison, and have your answer for less than \$100. I'm sure it would make everybody feel better.

Katz: Your time is up. Thank you. You raise an interesting issue, because both of our candidates have private garages that they manage. So there's potentially those issues are out there. So I would ask ron bergman to make sure that those things are not happening and if they are not happening as the contracts are awarded. Those are serious charges if they're true. All right. Let's proceed.

Greg Goodman: Council members, my name is greg goodman, president of city center parking, and the absurdity of what was just said is mind-boggling. Candidly i've got prepared comments, and i'll probably stick to them, but i'll also go out on a limb and say, in my opinion, this process has been a complete and utter joke, and I don't think there was anything ethical by it. I think it was predetermined. And I think it is a fiasco. The comment made where the supervisor's doing more than one thing, if the man knew what he was talking about he would have known that we pay for the supervisor out of our management fee. I will pay for -- this city council to pick the auditing firm of their choice, significant auditing firm, and go in and audit this process. This has been a joke. On march 5, city council was told by ron bergman that the only reason he -- they were putting it out for bid was because the city wanted to save money. Said city center parking did a good job. Now you've heard that from a -- from the standpoint of -- of how they -- how they score costs. When they scored costs, they used the management fee, then the labor, then ron bergman comes in here and tells you, well, we can massage the labor, but keeping the same scoring. If you did just the management fee, the only fixed part, star park comes in third. They don't even come in second. That's using all the other scoring. Plus, all of a sudden we can cut back on the number of hours that the supervisor, star park proposed eight. Well, eight onsite supervisors. Well, if you looked at the supervisor scoring, the supervisor scoring, they gave them high marks because they had eight hours outside of a booth. So I don't understand how you do this. But let me get to the numbers. First of all, it is a fact that the only fixed fee that the city has is the management fee. That is a fact. In notes from the selection -- from the selection committee, and at testimony at council, the selection committee concerned themselves that city center's fee was too low. To the contrary, the numbers show star's bid was abnormally high. The difference between the first three bidders over 46 months was \$88,000. The difference between the third highest bidder and star was \$132,000. Star's management fee of \$658,000 is the most expensive management fee of the four finalists. 25% higher than the next bid and \$221,000 higher than city center parking. It is also the only bid that you received of the four finalists and management fee that is higher than what you are currently paying. So you in no way saving money over your current fee. The fee is guaranteed to cost you \$221,000 of extra money over 46 months, and if the contract is extended it will cost you \$337,000. Ok? Star park says we'll make it up in advertising.

Katz: Thank you.

Leonard: We -- can he get a couple of extra minutes?

Katz: Fine.

Goodman: Ok, they say they'll make it up. We're projecting a million dollars a year in advertising. The city has tried marketing the garage. They've had a total of zero net revenues from it over the years, and one arbitration suit. No garage in town has been able to market the garages inside, and that is contracting with o.b. Media and clear channel to try to do it. That is just -- that is impossible to do. So in my opinion, for the benefit of the taxpayers, I mean if you're going to give it to somebody, just say we're going to give it to somebody. But don't stand up here and say that this is in the best interest of our city, because it isn't in the best interest of our city. Thank you very much. I'm happy to answer any questions you might have.

Katz: Thank you.

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Jeff Hanson: Mayor, commissioners, my name is jeff hanson, 1300 southwest fifth avenue. I'm here today representing city center parking. I just want to address one -- you may feel it's a technical issue, but I want to address one specific issue to the council. And that is the difference between the party who bid for this work and the party whom you've been asked to make an award to. As I understand the agenda item, it's to authorize a contract with star park l.l.c. Star park l.l.c. was not the proposer. In the package that I had delivered to your offices yesterday we, saw a form of contract prepared by the city, sent to star park to execute at the last -- as a result of the placement of that item on the agenda the last time this issue was considered. The contract was signed, signed solely by star park l.l.c. Star park l.l.c. was not the person or the party or the entity that submitted a proposal. What you are being asked to do today is to award a contract to a party that did not propose. That is unfair, it's not authorized under Oregon's public bidding laws, and it's subject to court challenge. I understand from council, mr. Van dyke, that he would like some more time to look at the issue as to what party they should be contracting with. Our position is that if any contract is awarded to any other entity, then the partnership -- a partnership, not an l.l.c., not a corporation, but a partnership, of star park l.l.c. and the minority chambers, the bidding process has been unfair. Legally you're entitled to an award if you make that recommendation only to a party who proposed, not to some newly-created l.l.c. or some management l.l.c. That may have given star park the right to sign. Thank you.

Katz: Ok. Let's bring jim --

Francesconi: Actually, greg, I do have one question for you. Back on the committee's report, and I may have addressed it in a subsequent letter, I think you probably did, but it's on the -- reading from the july 28 letter. Central city parking did not provide complete answers to the clarifying questions as did the other proposers. Why don't you address that.

Greg Goodman: What we didn't provide -- we gave a list -- there's a fixed management fee. There was always the -- when we got interviewed, the first half hour was spent on trying to defend that we were making a profit, making a profit, which quite frankly, a, we were, and b isn't the relevance of the selection committee. The service provider puts up bonds and everything to -- surety bonds to insure their work. We were making money. We even showed on a piece of paper that we were making \$37,500 per year operating the garages, and we showed that to the committee. They asked eight questions. Two of them were to break down the management fee. Well, the reason you bid the flat management fee is because the city doesn't reimburse you for those costs. Those costs are the responsibility of the service provider. That was the case four years ago when it was bid. Nobody asked to break anything down. It's the financial responsibility of the service provider. That is confidential information to us. We did not provide that. The other questions, the other six questions, we handled -- we answered in their totality.

*******:** And if I may add --

Katz: Are you finished?

Goodman: Yes. Thank you.

Hanson: If I can add to that, the answers that were given by -- by city center parking specifically addressed every single item in the r.f.p. that was required to be covered by the management fee. And it specifically stated that each of those items were encompassed in the management fee bid by city center parking and would be provided to the city in accordance with the r.f.p. under the contract as required.

Katz: Thank you.

Leonard: If what's at stake here is \$37,500 a year, it feels that we're talking about one of the hugest industries within the contiguous boundaries of the city of Portland. I mean, the amount of --

Hanson: The amount of --

Leonard: -- angst, the --

Hanson: I'll tell you something. How candid do you want me to be?

Leonard: That would be helpful to me.

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Hanson: I'm a downtown Portland person. We take a lot of pride in what happens downtown. You hear about this concierge service. I don't know what it is. 97%, I showed the city council, 90% of the -- 97% of the people surveyed said we do good or better service. It's very important. You had meier & frank's, nordstrom's, pioneer place all say it's important that we run the parking lot. It isn't a big profit center for us at all, but it is our downtown. We look at it as being very, very important. You got a situation -- I mean, where do you want me to stop talking? Because I --

Katz: Right now.

Hanson: Ok.

Leonard: No, I mean this gets to --

Hanson: Well, I mean, I would suggest that there's a validation system you guys should be looking into right now, that the retailers aren't happy with your billings from validations, your delinquencies are huge. You've got a significant problem. So anyway, we pride ourselves on doing a good job for downtown Portland. That's it.

Katz: Thank you. Jim, do you have any anxiety or any concerns regarding the legal aspects of who we're awarding the contract to?

Jim Van Dyke, City Attorney's Office: Oh, I think we have a small technical issue that --

Katz: Identify yourself.

Van Dyke: -- that doesn't amount to a lot. Jim van dyke, city attorney's office. Commissioner Leonard last week asked me to look in to make sure that our contracting was correct with the right entity, and yesterday I received the operating agreement that star park referred to earlier. Star park l.l.c. is the authorized agent for the minority chambers and star park as a group to sign a contract. It does occur to me that because of that we should acknowledge here today that the award goes to star park l.l.c. as the authorized agent to sign for their limited liability corporation, which is known as c.m. Group l.l.c. This is a -- this is a technicality. I think that city center parking's attorney is correct, it is a technicality. We ought to get it right, but I don't think it changes anything in terms of who was making the proposal to the city, the evaluation criteria, or anything like that. And we'll make that -- we'll make that notation on the contracting document. So as long as the council understands that it is going to that limited liability corporation of the chambers of commerce and star park, I think we're fine.

Katz: The council understands that. Ok. All right, thank you.

Van Dyke: Thank you. Any --

Leonard: But it sounds like you're going to have to defend that decision that you just made, and you're comfortable with that.

Van Dyke: I am comfortable with that. And i'm comfortable with council's understanding of who the contract is being awarded to, which is c.m. Group l.l.c. with star park being able to sign for them.

Francesconi: I have one more question of ron bergman, mayor.

Katz: Ok. Ron, come on up.

Francesconi: Ron, maybe you already answered this question. It's a more -- it's following up on commissioner Leonard's question about the additional supervisory and management, what do we get for that? Now in the -- in the supervision section here, the committee says, with additional supervisory resources city should be better able to protect the revenue stream and meet the goals of the parking system. I understand that on the supervisory side, but on the management fee what do we get for the increased management fee?

Bergman: I think the services that are provided are articulated in the r.f.p., and they're exactly the same in terms of what we're going to be getting.

Francesconi: So just summarize those for me.

Bergman: They have monthly billing for the monthly parkers. They have the accounting work, the reporting work, the insurance. There's a whole series of things. We've actually in this contract moved more things that were reimbursable under the last contract into the management fee this time

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around. So when you compare management fee, this contract to the proposed contract we expected to see a little bump in that, because we moved things from one category to the next. But it's essentially all the other work, other than the -- essentially the staff time and the unknowables, when we have a sign that needs to be prepared, we have it prepared and made through this contract, they rebill us for the cost of that, if there's -- those are the reimbursable kinds of things. All of the ordinary work of the accounting work, the reporting work, the oversight and supervision of the onsite supervisors, the systems in place, are all part of the management fee.

Francesconi: Ok. Thank you.

Katz: Ok. Roll call.

Harry Auerbach, City Attorney's Office: Mayor Katz, I think this ordinance does not have an emergency clause on it. And you might --

Katz: This was a -- this was a previous agenda item?

Auerbach: Oh, it does actually have one. I take it back. You look at least at the one in my book, 908 has one on it.

Moore: It was amended on June 30 to remove it. So when it went back to your office it went back as a non-emergency. We can put the clause back on today and vote on it.

Katz: Ok.

Moore: We need a motion.

Leonard: So moved.

Katz: Do I hear a second?

Sten: Second.

Katz: Any objections? Hearing none, so ordered.

Auerbach: Now roll call.

Moore: We're good.

Katz: Are we? You ok?

Auerbach: Yeah.

Katz: Roll call.

Francesconi: Just a brief preliminary comment here. I think we all want the same things here. And I think it actually has come out, and that is we want the parking garage system to work, to help the downtown, especially the retail. You know, we're competing with other regions now. And it's increasingly fragile. So I think we need to start this by remembering we want the same things here.

And we take such great pride in our downtown and our central city. And so we're all trying to do that. That's the first point. The second point is, you know, we have a tendency in public life to kind of demonize the other side. And that hasn't been done very often in this case, but -- and I respect the high tone we're trying to reach, but we have the -- the truth is we have had a good operator here. And the reason we know that is because of the survey that was done that shows that 90% to 95% of the retail owners approve of the quality of the service of the and so I think we have to recognize that and appreciate it, because these folks know what's best for their businesses. But having said that, we did put out a process, engage in a process, we had a committee come together, and this is a very close call for me. The reason I'm going to award the contract to Star Park and vote for that is because of the committee that we assembled with criteria that we previously approved. We would have to throw out the whole process. I'm not willing to do that, given the points here raised by the committee that we can actually grow the revenue source in a way that the committee is justified. But it's a very close call. Now if the promises made do not happen, then, Ron, I expect you to notify us, notify the operator, and we're going to have to execute that 60-day provision. If it won't be people's -- nobody will intend not to honor it, but if the effect is that it's not happening, then we have to do something different, because this is too critical to the vitality of our downtown at a very fragile time. Aye.

Leonard: Well, I was at the last hearing prepared not to support the recommendation of the committee because of the \$658,000 difference in the bid price. It is not obvious on its face why a

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cost to the city of \$658,000 more dollars is in the citizens' best interest. However, honing in on that issue, what I discovered was that the committee felt that the increased costs actually result in more revenue beyond those costs to actually increase the amount of revenue for the citizen. I understand that concept. But like commissioner Francesconi, i'll be interested to make sure that that happens. I mean, for me this process isn't about the charges and counter charges that have gone back and forth.

It was said they weren't too vicious. Maybe i'm getting special emails, because that was not my impression. I'm frankly tired of it. And am looking forward to focusing in on what the issue is. And the issue is, these are our assets, the citizens' assets, and acting in their behalf, we are simply trying to maximize our returns. That's all I care about. Nothing else. I'm glad we've gotten to the point that we can make a decision. I'm sorry that this has fermented to the point where it appears as though as we have to take a side over another side. That's not how I view what we're doing here today. I view this as simply doing something that's in the best of the citizens of Portland. Aye.

Sten: Well, I have not enjoyed this process much, but I think to some extent the heatedness of it is good, because there's --you want competition for these types of jobs, and you want competition to create a different product. On the one hand I think that -- from my estimation, too, and I agree with commissioner Leonard, that a lot of the negative arguments against the different sides have not sat well with me. My estimation, city center has done a very good job running these garages for many years, and it's also good that there's others that want to come in right now and make a different approach. I think I see the committee making an argument that there's new ideas that they think have some merit. I think basically both of those have a solid foundation and the city would be well served, trying either approach. I know city center's track record and I know the quality of the people on the other side, trying different things. For me, I was thinking about this a lot, was adamant that I needed more information when I asked the citizens committee, who I appreciate putting in a lot of time on this, to take another look and get back to us, and i'm convinced that the criteria -- that there's rationales, and there's a lot of arguments on all sides, but when you boil those away, it really is we put out an r.f.p. That says we're going to score this in this way, and very specific in terms of how many points would be awarded, what percentage the first, second and others would get, and how it would be done. The committee who did review it properly scored it properly. That being said, I would in the next round would put more weight on to the cost. When you a lot at the actual cost proposal, I don't think we gave it quite enough points. That is changed a little bit by the other thing that needs to be changed, as we look at these pieces, which clearly is we should just be looking at the management fee, because the confusion of numbers around the supervisors and other issues is huge, and it's a difference, depending how you read those, of \$400,000, which now we're saying isn't there. That we actually control those pieces. I think we do, but next time around, or whenever this comes up again, we need to be much more clear on how we weight it. I would prefer we weight costs a little bit higher. I don't know if that would have changed the results, but it may have, and that would be my postscript on it. That being said, I think we set out a clear set of analysis and had a citizens group that laid it out clearly, so i'm going to vote aye.

Katz: Aye. [gavel pounded] 909.

Item 909.

Katz: Roll call.

Francesconi: Well, i'm going to support this budget because it reflects what we can do in a down economy, and it also reflects some of my priorities. First we are going to hire 10 more police officers to keep our streets safe, and hopefully with the mayor's leadership we'll be able to increase that number. Also hopefully we can put several of those in the gang unit, which is a -- a recommendation. Secondly there is an affordable housing crisis in our city, and with the leadership of the mayor and commissioner Sten, the budget contains \$11 million to address this growing need. I do appreciate the discussion we had last week, or the week before, last week, about the concept of using some vouchers in order to try to fill the 10% vacancies in existing apartments.

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And I am pleased to here that there's been continued productive conversation in that regard. I'm also looking forward to our report on August 18 regarding achievable goals on minority home ownership and how we're going to move that forward. And I'm particularly pleased in this budget with the purchase of the land for the Washington high school site. The central east side, it will be a terrific win for the schools, for the neighborhoods, and it will help us realize the dream of an inner southeast Portland community center. So mayor, thank you for your work on this. Aye.

Leonard: I, too, appreciate the amount of work that the mayor put into this, and while everybody here might not always agree on everything, certainly this budget represents, I think, excellent work on behalf of everybody here at the council. I think it is timely that we're discussing this budget, the amended budget today, that it is the result of an arbitration award for the Portland police association we'll be discussing here momentarily -- I don't know if it's next or coming up soon -- a resolution -- a couple resolutions relating to the police bureau, the relevant portion to my explanation on this vote will be on labor management system. I believe that we wouldn't have to have amended the budget had we had a functional functioning labor management system in the police bureau. That is not to point fingers at anybody, but to make an observation about how we can improve resolving disputes within the city. I'm saddened that we, as a city, have had to make tough choice, that means some services are less and other programs we care about are not going to be able to be implemented this budget year as a result of a failure of that kind of a system, but I think we're moving in the right direction, and our upcoming vote, and again I appreciate, given the circumstances, the resources that are dedicated to things I care deeply about in this budget. So thank you, mayor Katz, for your excellent work on this. Aye.

Sten: I'll just quickly thank mayor Katz. This was a tough set of circumstances. She did a terrific job. Aye.

Katz: It wasn't in the budget that we originally proposed to the city council, unfortunately, and we made the necessary reductions, but that's what we have to live with. Aye. [gavel pounding] all right. 925 and 926.

Items 925 and 926.

Katz: We had some heated conversation, which is ok, at the city council on this item. Commissioner Sten and I felt very strongly that resolutions such as this needed to come from an organization that's been working on these issues over many years, and that if we empower an organization, you don't empower an organization by telling them what to do. They need to identify for us all of the things that they've been working on for a long, long time. And I do need to tell you, that it takes a long time to move an organization. And certainly a quasi military organization takes even a longer time. But the movement has been there, cooperation with the police union, and management, and a lot of work in progress right now because of the requirement and the request by a lot of organizations here in the city to make some changes. And I promise you that I would bring back a resolution with the help of both the chief and the community, and it is here for discussion now and for testimony. It basically outlines all the things that the bureau has been doing, continues to do, identifies a deadline, but is basically the bureau asking the council to affirm all the things that the council wants the bureau to do as opposed to the council telling the bureau what to do. Subtle, but very important in terms of management style. Having said that, come on up. Oh, let me just add that I also promised you that this resolution would be reviewed by the members of the community, by the ad hoc community -- organization, ad hoc committee, that had worked on this with commissioner Francesconi, and so let me invite all of them up here.

Leonard: Are we considering both resolutions simultaneously or separate?

Katz: Yeah. And then we'll take your amendment.

Leonard: Ok.

Derrick Foxworth, Chief of Police: Good morning, mayor. Members of city council. My name is derrick foxworth. I serve as the chief of police for the Portland police bureau and the citizens of Portland. I'd like to say that I'm very thankful and pleased that the city council has -- we have these

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two resolutions before us this morning. One, which is a recommitment, a rededication, a refocus, on community policing. It's been over a decade since we've come to council with a resolution regarding community policing. And I believe that it is timely given the issues that the organization faces, given the issues that the community faces, that we all recommit ourselves to one fixed definition of community policing, and that we all have a shared responsibility in improving our city and also improving our Portland police bureau. I'd like to speak briefly to the second reds that deals with diversity, training, nondiscrimination policies, use of force, and other issues which are a concern to the community, as well as to the organization. I'd like to say that over the past 10 months, since i've been chief, that these are issues that -- that we've had lots of conversations with members of the community about. We've been working feverishly on these things. Mayor, like you said, to implement change in an organization such as the Portland police bureau, it does take time. Because if you are going to do it correctly, you do have to have stakeholders involved in the process. We received many recommendations from the community and many recommendations from members of the organization as well. And we've taken those recommendations and what we've done is we've also done research to make sure that those recommendations are good ones. We've checked with other professional organization such as the police executive research forum, such as the cops, and also checking with other law enforcement agencies, to find out if these are recommendations that have proven to be successful. After doing that research, we then meet with our folks in the organization and talk about how to we make this fit for Portland. Many times we receive recommendations that we should adopt a program that minneapolis has or that something that Washington, d.c. has. But what we find is that the communities are different. The organization is different. And that we need to tailor something that's going to work for our community, that's going to work for the Portland police bureau. So we've made great strides, mayor, members of city council, on many of these issues. I'd like to report today that one of the concerns that many members of the community have when it comes to training. We've heard that loud and clear. And that is why this fall we are creating and we're reinstating a 40 hours of annual in service that will focus on less lethal options for officers, to reduce the use of deadly force. We're also going to provide firearms training and patrol tactics training, with the focus on shoot/don't shoot scenarios, with the focus on getting people in and out of vehicles, so we provide officers those skills they need to do the job that we expect them to do. We're also going to have -- we're looking at the cultural competency piece as well. We originally have about 40 hours of -- that's available, but when we looked at the things we needed to provide in training, we had very little bit of time left over for some of the other things, but the priorities that we heard from the community is they wanted cultural competency in there. They also wanted communications training. Training that helps officers de-escalate skills, training that helps officers deal with people suffering from mental illness. So our 40 hours of in-service training this fall will have that component included in it as well. In regards to the issue of diversity, i've had a number of conversations over the past several months with members of the community, members of city council, as well as the bureau of human resource about this. We've also looked at successful recruitment strategies from the past. And looked at what does it take to diversify the Portland police bureau. We're looking at focusing on recruitment. That we need to do a better job of going out to the community, re-establishing a relationship, reconnecting with those groups out there on our college campuses, in our churches, and other organizations, and show people that being a Portland police officer is a desirable job, that it's a viable position, one that they can -- that they can be successful in doing. So we're looking at -- looking at that as a strategy. Also, a recommendation is coming through to look at apprenticeship program. If that's a strategy that's going to help us to diversify the organization, that's something that we would also welcome and look at as well. I also just real quickly want to talk about the work that we've had with our labor unions. I personally have had many conversations with the secretary/treasurer from the p.p.a. I've talked to mr. Hinson, mr. Allen last week regarding dctu issues. We all have that same goal, that we do want to improve the relationship between

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management and the unions that we work with at the Portland police bureau. Having said that, we have three or four different groups we need to work with. It's somewhat difficult, because I think what we'll have to do in terms of our labor management is come up with a maybe four different sets of meetings to create that. But if the goal is to improve communication, if the goal is to resolve grievances, and to improve the -- the workplace environment for the employees, that's something that we can work on together, and I think that it's something that we can be successful at doing. We're all committed to it. And I hope that the city council will also back us on that as well. I also have with me here Robert King from the Portland Police Association, who's the president, who has some comments. And also Dr. Haines from the Albina Ministerial Alliance ad hoc committee who I'm sure would also like to share their thoughts with you this morning.

Katz: Go ahead.

Robert King, President, Portland Police Association: Thank you, chief. I'm Robert King. I'm the president of the Portland Police Association. The resolution and many of the proposed changes are all changes that are occurring within a context, and part of the context or part of the assumption can be that there is a whole host of changes that need to be made because of deficiencies in individual or in the organization. I want to make the point that I think it's always important for organizations to work to improve, but that I also think we have to recognize the incredible effort of the officers that have done work in the police bureau, and that we have an extraordinary group of professional people who are devoted to doing this job. And I don't want that lost among all the suggestions about how we can do our job better. There was much about the resolution that stimulated discussion among officers. And they're concerned with a handful of the pieces of this. But what I'm here today to say, which is what I said to the chief yesterday, and when I said to him this morning, I'll say to you, when we concluded the arbitration process, I came in and said that we were going to be unconditionally constructive, and we're going to work to be helpful, both to the council and to the bureau when and where we can. And this is a great example of that. I think that there are people that are -- in the world that would like to see a wedge between the officers and the chief of the and I don't want that to be the case. I think that there are a number of things that are listed in the resolution that give the chief and I the opportunity to do work together that improves the quality of the working relationship. And I think also improves the operational work product in the police bureau. We've got a handful of things that are outlined. There's a timeline. Some of them, as you say, Mayor, are already in process, but we want to continue to do this work. Obviously there are pieces of it that are real concern for us, and there are parts of it that are really appealing for us. The notion of improving communication, improving the relationship after finishing a two-year-long negotiation process, we'd like to work together with the bureau and city and B.H.R. to find ways that we face together sooner without protracted, lengthy legal disputes. So I'm looking at this as an opportunity. I'll tell you that some of the officers that I've spoken to have real concerns about a number of the issues that are raised in here, but on their behalf --

Francesconi: Why are you looking at me, Robert? [laughter]

King: But on their behalf we're going to do work with the chief to see if we can't get results with the chief on this and bring it back to you in October.

Rev. Dr. Leroy Haynes Jr., Chair, Albina Ministerial Alliance: I'm the Reverend Dr. Leroy Haines Jr., chairperson of the Albina Ministerial Alliance, ad hoc coalition for justice. To our honorable Mayor and distinguished members of the City Council, the A.M.A. ad hoc coalition for justice presented the Council on June 16, 2004, its original resolution. Since that time we have met with each Commissioner, and we thank each Commissioner for their time and their listening ear. We give special thanks to Commissioner Francesconi for his resolution that responded to our original resolution. It is our goal to have a unified Council action to address what many consider to be the number one or number two major problem in the City of Portland, namely police and community relationship, in particular in the North and Northeast communities. We are thankful for Mayor Katz, for in the midst of her circumstance, of hearing our concern and working with Chief Derrick

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foxworth, to draft this outstanding resolution. We thank the chief for his professionalism and commitment to the concept of community policing. And so we had like to go on record in affirming this resolution as a major step in moving in the right direction of addressing the concerns of the community on the questions of police/community relationship, and particularly on the question of police officers using deadly force against unarmed citizens in light of kendra james and perez. However, we believe that our revised resolution also express the concerns and address many of the specificity of the issues. In particular, as the chief has stated, in the area of training, we still believe there should be a goal of 22 weeks in the area of training. Secondary of accountability. We believe that there can be more strength given in the area of accountability and disciplinary action, and a clear definition of racial profiling, particularly of accepting the u.s. Justice department definition of racial profiling. We thank the council for its response and to the urgency of this action we believe that it will create a better environment in our city and restore the relationship of the police and the community. We look forward to working in partnership with the mayor, the chief, and the commissioner, to restore the true concept of community and policing in our city. We have a great city. And we look forward to making it a better city. And we believe that it can be a better city if we can work together in unity. Thank you.

Katz: Thank you. Thank you. Questions by the council? We'll bring the chief up, anybody else, but thank you, appreciate it.

Moore: Come up three at a time.

Katz: Ok. Who wants to start?

Sean Cruz: I will. Thank you. Mayor Katz, members of the council. My name is sean cruz. I'm appearing in my capacity as state senator avil gordly's legislative aide to convey her regrets at not being able to be here this morning, her warm regards, and her unqualified support for chief foxworth and for the resolutions. And we look forward to working with the rest of the -- of the Portland delegation in the 2005 session to find the resources we're going to need to support additional training. And additionally, as a private citizen, as a member of the commission that looked at the use of lethal force, as a six-year veteran of the hispanic crisis support team, I also stand firmly with senator gordly. Thank you.

Katz: Thank you very much.

Rev. Dr. T. Allen Bethel: I'm reverend dr. T. Allen bethel. Honorable mayor, to all the city council, and all commissioners, thank you so much for your great support and work towards working in response to the resolution for police and community working together in policing our community and our great city. We are very much in support of the resolutions that are coming forth, reaffirming, as well as working towards new areas of accountability and want to stress very greatly that we do include and look at and talk about the whole idea of accountability as one of those five cornerstones in the original community policing piece that will perhaps back in about 1990 or so, that we would look at that language and consistently use that language as we move forward to talk about accountability between the police bureau and our citizens. And also, in terms of the training, that there is a piece being emphasized that would look at the whole issues of mental health as it relates to our citizens, as well as it relates to the screening of our officers as they come and become officers in our city. And I want to thank you again for your efforts. We look forward to working with you for continued great city and efforts between the police and our community and de-escalating any type of tension that might be existing due to the things that are happening around police shootings with various citizens. Thank you very much.

Katz: Thank you lili, before you go, chief, correct me if i'm wrong, but I think in the strategic plan for this year, the issue of accountability has been placed in the language.

Foxworth: That's correct, mayor. We have five values right now, and it's proposed that I would like to bring back accountability as our sixth value.

Katz: Ok, thank you. I wanted to address that, because that didn't disappear.

Bethel: Thank you very much. Thank you very much.

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Katz: Ok.

Lili Mandel: Lili mandel, downtown resident. Hi. The police at all times should maintain a relationship with the public. That gives reality to the historic tradition that the police are the public and that the public are the police. The police are the only members of the public who are paid full - - who pay to give full-time attention to duties, which are incumbent on every citizen in the interest of community welfare. This was written by sir robert peale, the founder of the london metropolitan police, 1829. Citizens are quick to complain about the deficiencies of the police rather than seeing their real importance and value in the community. Real community police will fix this view when citizens and police officers get to know each other as fellow human beings of the then they both see that they are us. Thank you.

Katz: Thank you.

Katz: Gentlemen, I would like bishop wells to testify next, since he was part of the ad hoc committee.

Bishop AA Wells: Thank you. Mayor, honorable mayor Katz and honorable members of the city council, I wish to appreciate each of your and chief foxworth's efforts in what has been done thus far in preparing this resolution. I specially want to thank commissioner Francesconi for his initial efforts to jump-start this process as well as others' support. I commend you, mayor, for allowing the chief to lead in this process, and the efforts he has put forth to lead in this matter. Realize that there are always complex factors and dimensions to the process for change in matters such as is before you. This is why it's important that we have leaders of justice, wisdom, conviction, and integrity, as I believe you are, and also who you are willing to respond timely, appropriately, when justice -- injustice is clearly seen in our community. I am therefore here to respond in support of the draft resolution that is before you. While I do not feel that it goes far enough in addressing all the issues that are needed, I do believe that it is a good start. Furthermore, i'm willing to continue to work with the chief and others who are willing to do all that we can to ensure that every citizen knows the community and our system will not visit injustice.

Katz: Thank you.

*******:** Thank you.

Jim Whittenburg: Mayor Katz, i'm really glad to see you. I read about your difficulties in Washington, d.c., about the time that I was visiting the ronald reagan -- i'm sorry -- ronald reagan emergency center myself when I passed out for the first time. So I know what it's like to hit the ground now, just out of blackness. Ronald's got a lot of buildings there, very nice emergency room.

Katz: Why don't you identify yourself for the record.

Whittenburg: Yeah. Jim whitenburg, 975 southeast sandy. Randy and jim and erik, good to see you. I'm now embracing maturity, I guess, at 65. I'm not as angry as I used to be. I'm not breaking as many laws as I used to do. But what i'm finding is that i'm becoming more and more afraid as a citizen in this town. I'm afraid to be out on the street at night. I'm afraid to try and cross the streets almost all the time. I've learned that this cane is very helpful. It stops cars at crosswalks and red lights. But i've become increasingly afraid to live in the city here. And bit by bit i'm finding myself not wanting to come back here, not wanting to be in the city of Portland. Police drive by in automobiles at high speeds. They're not available when you seem to need them. To try and cross the streets at eighth and burnside is a terrible adventure. I'd love to see a policeman once in a while out there stopping a car that goes through an intersection with an elderly person in it. I've had to help many of them across the street because they're afraid to cross the streets in this town. My count, I know of at least three young people been killed so far this year by -- by motorists going through the -- either red lights or through a neighborhood. I really -- i'm really concerned that -- that we are not valuing human life the way we need to. It's nice to have these big cars that can attain high speeds and they protect the people and the cars from everybody else when they hit them, they don't get hurt, but it's -- they are -- they are very fearful things for many of us when we see an

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s.u.v. running through an intersection at 50 or 60 miles an hour in a neighborhood. Northeast Broadway at 15th to 17th is a terrible place to try and cross the street. I've helped people across the street there. Plus that, I really encouraged that you're doing the community policing. When I grew up, we had police on the streets roseburg. Even out in beaverton. It's nice to see them. And for the most part, you know, I embrace them and -- and enjoy their company. I just -- I thank you for doing that. I'll see you again on my way back east again.

Katz: Thank you. Take care of yourself.

Chris Ferlazzo: Good morning. Or good afternoon almost. My name is christopher ferlazzo. I live at 932 north fremont, north Portland. I live at I think about eight blocks from where kendra james was killed a little while ago. I'm here on behalf of Portland jobs with justice, fighting for workers' rights. This past monday we had our monthly steering committee meeting. Two things happened at this meeting on monday night. First of all, three organizations, three new organizations, joined our coalition, bringing the number of member organizations to 80. 80 member organizations, including mostly unions, including machinists, longshore workers, firefighters, teamsters, a couple of different locals from the service employees union, afscme, the list goes on and on. We -- the second thing that happened at our steering committee meeting on monday night was that we voted and passed a resolution on police accountability. And we believe that this is a -- an important issue in our community. We think that something's terribly wrong in this community when so many unarmed people of color have been killed by the Portland police. We need a police force that is accountable to the community. I just want to say one thing about the accountability. I appreciate to hear that accountability is going to be added as a cornerstone in the new strategic plan, but i'm concerned that -- that we're -- that the language that i've seen is talking about financial accountability, kind of oversight accountability, and not really accountability to the community. And I hope that that becomes part of the strategic plan. Back to our resolution. We, as I said, we overwhelmingly passed a resolution. It wasn't just a -- I know sometimes resolutions, something it's just rubber stamped. We took a long time of the we took almost three months on this process, because it was pretty controversial within our coalition. We sent the language out to all of our members. We organized a forum so that people could come and take more time to talk about it. And the resolution overwhelmingly passed on monday. I just want to read you two parts of it. One, we support efforts to reform police policies around the use of lethal force, training and hiring, racial profiling, diversity training and civilian oversight to make sure this kind of tragedy, the killing of james jahar perez is never repeated, and the last point in the resolution reads, because of officer sery's apparent lack of judgment he should face appropriate disciplinary action, which may include dismissal from the Portland police force. So while I think that the resolution before you is a good start, I don't think it goes nearly far enough. There's much work to be done, and I -- I agree with the concerns, especially about the racial profiling piece, within the resolution, which says stopping racial profiling, but the definition tat city uses is -- still says that race can be used as a factor. I think we should change our city's definition to agree -- with the federal definition, which says it cannot be used.

Katz: Thank you.

*****: Umm --

Katz: Thank you. Your time is up.

*****: Oh, thank you.

Rev. Mark Knutson, Augustina Lutheran Church: I'm mark knudson, pastor of augustina Lutheran church in northeast Portland. And live at 4526 northeast 27th avenue. I'm here today both as a member of the albina ministerial alliance and as president of ecumenical services of Oregon, to speak in support of these resolutions, as well as the additional recommendations that go with those. Thank you, mayor Katz, for your leadership on this, moving this along quickly. To chairman haines to keep this on the front burner of the city council and commissioner Francesconi for his leadership. I'd like to thank the police chief, derrick foxworth, who has been active in the

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community since day one that he began this position, but it goes much farther back than that for him. So I speak in favor of these resolutions as a beginning point, as other speakers have said. I think this will be an ongoing process, but this is a very strong start, much to be done. So I particularly encourage the work around strengthening and building community relationships, especially among communities of color, in very wonderfully diverse city we live in. I also encourage strengthening the diversity of the police department, and i'm glad the police union is here as well to work on that, and I would strongly encourage the training that's needed so that we can provide the vital and necessary training both for building community relations and also for weaving a community where we see our police as peace officers in a strong sense. Thank you. And thank you for your efforts.

Katz: Thank you.

Richard Koenig: Richard Koenig, center for highway use this time. City of Portland, city council, i'm looking forward to community policing. I've been looking forward to community policing for maybe 15 years. I'm looking for an opportunity to have a dialogue with our police force, or a member, a responsible member of our police force. I've had a few scheduled meetings. Unfortunately one thing or another has happened to make those less than satisfactory if they took place at all. Mr. Foxworth, our police chief, probably will recall the appointment that we had in 1998 that we're still looking forward to consummating. He probably will were the one that -- the meeting that we were looking forward to in January, where he referred me to his adjutant, officer Beard, and officer Beard referred me to Curtis Chin, and Curtis Chin referred me to the city attorney, and the city attorney's office scheduled, but unfortunately canceled. I'm still looking forward to community policing opportunity. I hope the resolution will encompass some participation dialogue like that. I'd like to get the -- the close-up nuts and bolts of how to go about actually consummating a meaningful dialogue with a police officer soon so we can carry on. I think it's essential that we have accountability, but let me tell everybody here in the room that unless we can expect the officers and the Portland police bureau to know the law, and to conform themselves with the law, we can't expect them to rise to recommendations. We can't expect them to change into something that they don't want to be currently, which is in conformance with the law. And i'm citing just for the scholars out there, i'm citing the general laws of Oregon, 1929, chapter 394, Mr. Attorney General Van Winkle particularly pointed to those laws and gave us guidance when he said Hertz rent-a-cars aren't motor vehicles that are subject to the motor vehicle law, because they don't go out with drivers for hire, but you ask one police officer in this town whether they're enforcing the provisions of title 59 business regulations, part two, not one of them does. Not one of them that i've ever interviewed. And I pulled many of them. But that the vehicle code, folks.

Katz: Thank you.

Irwin Mandel: Good morning. Irwin Mandel, downtown resident. I made about two minutes on that good morning. It was about eight or nine years ago that I first started attending the chief's forum, meetings, at the express request of then chief Moose. So all in all i've been taking part in and observing the bureau sort of on the inside through about three chiefs of police now, I think the last count might be six or seven central precinct commanders. I must say the change that chief Foxworth has brought to the whole tenor, tone, and atmosphere that exists in the forum and among the citizens that i've had contact with is quite amazing and quite a change, as much as I loved chief Moose, I think chief Foxworth far exceeds what he was able to do here. And I think that's basically a function of who chief Foxworth is. This document, your second resolution, as i've read it, and I also have a copy of the still in working community policing strategic plan, I think presents some virtually revolutionary changes, suggestions for changes in the attitude and real functioning of the bureau. It really has been a great pleasure to see these changes occur, stemming from a real understanding of community policing and community involvement with the police force, contrary to some other opinions that may be heard. So I would strongly urge you to strongly support this

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resolution. As long as we keep politics out of the bureau, I think the bureau is going to be very successful under chief foxworth. Thank you.

Katz: Thank you.

Moore: That's all who signed up.

Katz: Anybody else? Come on, bernie. Come on, dan.

Bernie Foster: Madame mayor, to all of the council, my name is bernie foster. I'm at 415 north killingsworth. I keep hearing the word "accountability," which I think is a very, very important word, but also something that goes with that, not accountability, but I think there has to be consequences. I think each and every one of us here today, mostly everybody in this room, I would venture to say is a volunteer position. Every one city council volunteer for that position, and you're doing what you're supposed to do. Like any city bureau or any county -- in fact, everyone in government, volunteer for their position. So let's be real clear about this. And I think the city has rules. And those rules are about people that want to work for us as citizens. So accountability comes in to question. It also has responsibility and has consequences. And each and every one of you knows that in any organization you have to have consequences. And when we don't use the consequence for disciplinary action, then obviously the -- like any other organization -- then you have chaos. So I would hope that at some point in time, as you put in this accountability, there should be some accountability to the citizens, that is -- so with that I want to say thank you. I haven't read through the resolution. I'm sure it's -- it's in good taste, but let's remember they have to have teeth. And every organization or any persons or anyone with anybody, you have to have disciplinary action into it. With that I want to say I want to thank you for allowing me to have the opportunity and thank you for the work. I will hope that as the city move forward, we have a wonderful city, that we maintain these kind of -- these kind of issue. I do want to thank you, madame mayor, for bringing this forward, commissioner Francesconi, and also to derek and to all the citizens that we serve. Thank you very much.

Katz: Thank you.

*******:** Any question?

Katz: Bernie, thank you of the.

*******:** Thank you.

Dan Handelman: Good morning, mayor. City council. My name is dan handleman, Portland copwatch. I apologize. I was at jury duty, so I missed the beginning of the testimony. I hope i'm not repeating anything.

Francesconi: Did you get picked?

Handelman: No, I didn't get picked, not yet.

Francesconi: Not surprised. [laughter]

Handelman: My reading of the resolutions that are brought forward today, is that they're a good start, and they don't go far enough, though. We were hoping to see a little bit more of the proposals that had come forward from the a.m.a. Ad hoc coalition on community justice to be included. But it is -- it is a very good start. And as has been said a couple of times, including mr. Foster just before me, that the word "accountability" should really be in here. Again, the strategic plan and the community policing plans that talk about accountability do not specifically talk about accountability in terms of possible police misconduct and how we're going to deal with that. I hope that's made clear when we're saying accountability. That's part of what we're talking about. I also -- perhaps this has already been said -- need to note that part of the impetus for this resolution existing is the community police relations deterioration after the shootings of at least four people of color in high-profile cases in the last few years of the I also, just in terms of the community policing aspect of this, it's a very important day that we're here and we're able to testify in front of council. We really appreciate the mayor putting this on the agenda so we can come forward and talk about these issues. I wish we had a little bit more lead time for the community to have a discussion about this for everybody to be able to come down here. I just happen to be, you know, par of the working group,

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with the a.m.a. Ad hoc, so I was aware that this was happening, but it it would have been nice to see a lot more people from the community here to comment on it. And I guess that the most important thing that i'm going to keep stressing about the review of possible police misconduct is the idea of an holistic system, somehow the citizens that are sitting on committees communicate with each other, so that plans to change police bureau policies are not separated from the front end and the apiece end of the complaint system spectrum. And I hope that that will come forward in the next few months, hopefully after the i.p.r. report comes out, we'll have more of a discussion about how those systems can be improved.

Katz: Sir, grab the mike.

*******:** Good afternoon, council.

Katz: It is afternoon.

King James: It is afternoon. My name is king james. And I have a lot of concerns, way over three minutes' worth.

Katz: You only have three minutes.

James: I understand that. Number one, i'm going to start off with psychological testing and training of officers by one doctor, which nobody really seems to want to make clear to me why we only got one doctor for all the officers. I really have a problem with that, with the one doctor situation. Now i've said that, so that's something to follow up on. No way how one doctor can take care of all them people, or evaluate all them people, if you ask me, especially in my position as a king. Now I have another concern in terms of the community healing behind the tragedies that's happened. If they're trying to establish an image in the community and rapport, you're not going to do it by thinking every person is a suspect or a common criminal. I personally have a situation with the police officers right now. I've been driving for over 40-something years. Well, maybe quite at 40. I haven't had a ticket in about 40. Just here last month, I got three tickets. I'm not a happy camper. One for impeding, one for not signaling to park to the curb, and one, of all things, saying the king is speeding. No way. Just recently we know we can't go over 20 miles an hour in a school zone, 24 hours a day. No matter what time it is, that's 24 hours a day. You got to obey the 24-mile-an-hour speed limit. I protect my license. I value my license. It's a privilege. I don't need nobody piggybacking me, riding my back to see if i'm going to make a mistake. Me. I'm 55-plus years old. Do you understand me? If they're trying to re-establish trust values in the community, to me they could have said, well, you know, my name is joe harris. They could have said, mr. Harris, we're going to give you a warning. Three tickets, and I haven't had a ticket in 40 years. You have an attitude out of me. There's no way i'm going to be shaking hands and having milk and cookies with you. Another issue that comes across my attention. Where it should be a female officer in the car with males, if you ask me, a-x, not a-x-e. Now the thing is, since female officers are searching females at proportions you wouldn't believe. Of course, it's gone without your attention, because they never come downtown to file a complaint. I'm trying to encourage people to file complaints who have been wrongfully mistreated. One officer was just dismissed out in southeast because he had done something to a woman after 25 years of service. So i'm just saying this is another issue, too, we must look at. If you're going to establish trust, you can't use your badge and gun to show your authority and do what you want to do.

Katz: Thank you, thank you very much.

*******:** Thank you.

Katz: Ok. There's a couple of amendments that randy wants to introduce that we've worked through with the -- or at least he has. We've worked with him and then he has reviewed it with the chief. But chief why don't you come on up --

Leonard: I haven't had an opportunity to review these, although i've discussed the substance.

Katz: We did.

Leonard: You did?

Katz: Yeah. I won't introduce anything unless the chief gives a green light on it.

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Leonard: Pass that down, both of them.

Katz: Let's hold off for a second on those. We'll take them in a minute. Chief, is there anything that you want to add that you heard that you want to either correct or add a p.s. to?

Foxworth: Thank you, mayor. The only thing I do want to address is to let the council know, and let the citizens know, that the issue of racial profiling and stop data correction collection is something we're currently addressing, that we're following through on. I have personally had conversations with other chiefs in the local area about this issue. We're planning on convening a meeting in the very near future, sometime during the month of August, hopefully, to discuss what is currently being done, how we analyze the numbers, and how do you engage the -- the community in this discussion, as to address the concerns that they have regarding racial profiling. And so there is an effort that is under way. We are working on this. It's something not just the Portland police bureau is dealing with, but other agencies in the area, such as Vancouver, such as Hillsboro, as well as Beaverton. So we are planning on convening a meeting with those chiefs. And out of that, the next step is go out to our community and talk to our community about this as well. The only other thing I'd like to add, mayor, is that I'm an optimist. This is a good -- good city with good citizens. But I also heard a comment that Commissioner Francesconi, you made earlier, about demonizing the city council. I want to share with you that the Portland police bureau is a good organization, too. Sometimes we're characterized as being a dysfunctional organization or being demonized by certain groups or certain individuals, but it's a good organization trying to do the job that the citizens expect them to do. I'm committed to supporting the men and women, to make sure that they have the training, that they have the resources to do the job they need to do out there. They're very special people. They go out to the community every day with the as you know certainty of knowing if they're going to come back at the end of their shifts. I have a strong commitment that I do to make sure I do whatever can to make sure they're successful in doing their job, that they're practitioners of community policing. I'd like to thank the members of the city council for the opportunity to address you to talk about these two resolutions. If you have any questions, I'm available to answer the questions.

Francesconi: My question, chief, and I appreciate the mayor and this resolution, my only question is about when you come back to the council in approximately 60 days, or in October, to report to us, what are we going to see? I mean, that's my only question. For example, in the area of diversity, you know, are there going to be performance measurements by which we measure the steady progress? You know we need some particularities, not now, but when you come back, to show that we're making progress, through several chiefs, before you ever got there, we were not making progress. Can you tell us, if we're going to measure, if we're making improvements, and what's the criteria by which we're going to measure, if we're progressing, specifically on diversity.

Foxworth: I think when we're talking about diversity, I think there's some plans that we already have in place in terms of doing outreach and recruitment. Specifically we have not gone out to our local community as we should have, to our college campuses and schools and other organizations, and met with young people, talked to them about a career in law enforcement. So I think that's one of the performance measures we can look at, as the number of outreach efforts that we've gone to go out to talk to the community. We're continuing to work with the bureau of human resource on this issue as well. And I think that when we come back in October, that at least we'll be able to give you an idea of the efforts, and hopefully give you some ideas of when our next test is going to be held. I would hope that there would be a significant increase in number of minorities applying to take the test, because if we don't get them to take the test we can't get them -- can't get them hired. So I would hope that at the next test, the next exam that's given, that we would have a significant increase in number of minority applicants taking the exam.

Francesconi: Do we have that now? Has that happened already? Do we know? Is there an increase in numbers of minorities taking the test or --

Katz: Yvonne, why don't you come on up.

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Yvonne Deckard, Director, Bureau of Human Resources: Good morning. For the record, my name is yvonne deckard, the director of bureau of human resources. We went out and actually did a recruitment on the 17th of july. We had approximately 135 applicants of which 33% of those were ethnic minorities, and that's a definite increase from our last exam process that we've given. The goal is to really -- I think we have to remember that our diversity goals, for the police bureau, is not -- is going to be in keeping with those of the city. I mean, diversity is something that you won't see a big swing through one or two examination periods. And so we have to be very careful about what we set as actual goals and criteria by which to measure our progress. But there are things we've put in place, that we're currently doing, and the chief and I have scheduled a number of meetings to go out for -- with colleges, schools, you know, community. We've looked at marketing strategies, as far as how we attract people, how we reach into -- into various communities, and attract a quality applicant pool. We're looking at our police cadet corps program, because we want to make sure that we are able to combine that program that has educational incentive to bring in potential candidates in order to get them trained, in order to increase our diversity goals, but we're making a lot of contacts, you know, with the various communities. We're making a lot of contacts with various special interest groups in order to -- to increase those numbers. I think that we'll be able to come up and we'll be able to help the chief come up with some concrete parameters or factors in which we can measure. What I can't sit here and tell you is that by october, because we really won't have had a hiring by then, that you'll see a big number in the increase. I think what we will see is difference - - a big increase in our interest, in people coming forth, signing up for exams. We're looking at how we're evaluating them as far as background checks, the cultural competency pieces is going to be a big piece that we're working on right now, so that when we look at how we evaluate officers, how we background-check them, look at the psychological profiles, whatever adverse impacts we have there, ability to weed those things out in order to strengthen our applicant pool and in order to pass on more applicants that are -- that are qualified. We're combining a team of b.h.r. professionals with a team of professionals that will be working with the chief and robert on in order to go out and make those connections.

Francesconi: Well, and I appreciate all that increased activity. One of the beauties of the fire apprenticeship program, which I think commissioner leonard's going to address again more, is because it prepares people for the test. It's not just recruiting, but it's actively preparing people to take the test.

Deckard: Right.

Francesconi: And so that's why I think you need to look into that as well. It's not just the recruiting, but helping people prepare to take the test and pass the test. That's the difference.

Deckard: And that's part of the plan that we have, commissioner, in that with the teams of people that we're putting together to go out to address the applicants, is to really get people positioned to take the test. You know, what the test consists of and to help assure their success in that testing process.

Francesconi: Ok. You know, the cadet program, somebody asked me was I aware of the existence. Yeah, I was aware of the existence, but comparing the cadet program to the fire apprenticeship program is not a fair comparison, because only 10% of the cadet program are people of color. So I hear that you're looking at other strategies. I don't expect by october to be a big spike.

Deckard: Sure.

Francesconi: It's just that there's a strategy to keep gradually improving it, but steadily improving it, that's all that i'm looking for.

Deckard: Right. And we think we do have that strategy put in place, where we should see continuous improvement as we move forward. And we should be able to measure that improvement.

Francesconi: The last question is just -- and what would we -- I really appreciate the reinstating of the 40 hours, which you were doing, and you've said that this training will meet or exceed current

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professional standards, which is terrific. So are you going to give us more details on what the cultural competency, the de-escalation training, communication skills, just a little more, in october? What do you plan to do regarding the training that you're going to tell us in october?

Deckard: We should be able to give you more information about the cultural competency piece, because we have plans right now to put together a focus group with members of the community and people who have delivered that type of training to talk to them about what should that include. Number one, a definition of cultural competency, and what are the outcomes, what is it police police officers should be equipped with dealing with the community in terms of cultural competency. That focus group is scheduled to meet next week. When we come back in october we should have more details to share with you about that.

Francesconi: How about the de-escalation strange? What's the status of that?

Foxworth: It's already in place and being planned. Our training division has already consulted with someone. They've identified to deliver that training. It's the same person who does it in our advance academy. But that person's going to come, they're going to help us deliver that training to help officers know what the indicators are for someone suffering from mental illness, know how to de-escalate those situations, and then also those communication skills that they obtain from that, they can also apply that dealing with citizens out in the community as well. I should have more information about that when we come back in october.

Francesconi: Ok. Thank you. No more. Thank you.

Katz: All right. Though I don't know always agree with commissioner leonard, and i'm not sure I agree with him on these two amendments, but he was kind enough, or as an office to work with us, so they're not -- they're not point specific, that doesn't give the chief the ability to review other opportunities, but is specific enough to identify apprentice programs and labor management committee that commissioner leonard feels so strongly about. So i'm going to turn this over to him and have him read the amendments.

Leonard: Ok.

Katz: And then we'll vote on that, and then move on.

Harry Auerbach, City Attorney's Office: Which resolution are you adding these to?

Katz: Oh, sorry.

Leonard: Second one.

Katz: To the second one.

*******:** Ok. 926.

Leonard: Read them individually or discuss each one or both of them?

Katz: Any way you want. We'll take a vote on each one separately.

Leonard: Ok.

Katz: I want to make sure, though, the chief is comfortable with the language.

Leonard: Well, the first amendment deals with an apprenticeship partnership or some kind of a strategy to -- that has been proven to work, to hire more women and people of color. And it says that the police bureau will utilize models employed by the Portland fire bureau and other organizations as appropriate to develop an implementation plan for police apprenticeship program to be presented to the city council no later than october 31, 2004. Now are we going to vote on these separate?

Katz: Yeah.

Leonard: Ok. I'll deal with this one now and reveal my thinking so that you can better appreciate what i'm trying to get at. And I took a couple notes, chief foxworth, as you were talking, and the mayor, that I think need to be -- I need to address. One is the concern of the mayor, that we not tell an organization what to do as a council, that we allow the strategies and proposals to come out of the organization. I'm just very aware that no one person can change an organization on their own. It's just not possible. And I believe strongly that we here, the council, are elected, and as we talk about accountability in the police bureau, that includes us, I think, up to and include every person

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sitting here about ultimately what occurs. I'm also very familiar with the dynamics in an organization such as the police bureau of trying to develop strategies to hire more women and minorities. In 1994, I sat in these chambers with then fire chief bob wall after having crafted with him an ordinance that was adopted by the council to create the apprenticeship program. It was promptly fought by the very union that I was elected to represent. So I get how hard it is, believe me. Your best intentions and your best goals cannot be accomplished without support and guidance from the city council on this subject, and I know it. This program has at the fire bureau -- and I didn't -- I don't mean to just single that out as the program, but as an example -- has produced more win, more people of color, than all programs previously put together used by the fire bureau. But it has been controversial as well. And I -- you know, I can't tell you that it has not been. It has been. I've fully supported it. I've gone to the mat for it numerous times, because it works. It's fair. And I think it would -- or something like that would be a huge asset, the strategies of that program for the Portland police bureau. I'm convinced of that. We talked a little bit about, up, not necessarily wanting to do what I think we're -- we're kind of mixing labor management this with this, but minneapolis, Washington, d.c., phoenix, I get that. We don't -- can't just adopt a program that somebody else uses and cookie-cutter it in Portland. On the other hand, i've always been very proud to say i've never had an original idea in my life. I love taking other people's ideas and then crafting them to fit what it is i'm working on. So I think there is stuff to be learned from what other either bureaus or states or municipalities around the country are doing that will fit Portland. And i'm just really laser-focused on this. And i'm sorry, because I know a lot about this subject, and I know a lot about labor management. Some of these other seven strategies listed in the ordinance, chief foxworth, I have to defer to your best judgment, because you're the expert in them. These two, I know something about. I know what doesn't work and I know what succeeds, and I feel honestly we'll look back at and say this was a huge success for the police bureau.

Katz: Chief, you have no problem with the language?

Foxworth: No.

Katz: Ok. Do I hear a motion?

Leonard: I move the first amendment.

Leonard: First amendment on the apprenticeship.

Francesconi: Second.

Katz: Ok, second. Any objections?

Sten: I'd like a roll call. I want to make some comments.

Katz: Oh, ok. Roll call.

Francesconi: This gives you the options, but it's a method that does work, because i've witnessed it myself. Aye.

Leonard: Aye.

Sten: I just want to make a brief comment on this. Because there's so much to these two resolutions, I think maybe making it specifically here makes more sense, which is why I asked for a roll call. I do support this. I agree with commissioner leonard, that we need to find some more efforts, but I do want to say out loud that I think the issues that we're grappling, with police, and I don't have the history that commissioner leonard does with the fire bureau, and I think he's right on these issues, so this isn't meant to argue with him, i've been fire commissioner for about two years, are distinctly different than the issues with the fire bureau. It's my belief that young minorities want to be in the fire bureau but haven't been given access. I'm not convinced right now that young, particularly african americans, and maybe i'm not right in the position to say it, but want to be police officers, because the cultural divide is too deep. I simply think setting up an apprenticeship program is not going to do the job. We have to come up with ideas, strategies, that are culture, working with the ministers, much longer in nature. I think we're sadly mistaken that we think adopting the type of approach that worked in the fire bureau is going to work here, because I think it's a much, much deeper problem. I'm not interpreting commissioner leonard to be saying it's the

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same problem. I'm not trying to get myself in conflict with him on this issue, but I do think that this is something that to be serious about has to go much deeper, much further, because it's a very, very different situation. And I don't believe that that process will work applied to this. That being said, I think the guidance -- I think the council does need to give guidance. I think it's the right thing for the council to do, set goals. I think commissioner Leonard's laser-focus on this is exactly are. The two people sitting across the table from me, probably know more about succeeding as a minority in the police bureau than I do. And in the case of Yvonne probably knows more about diversifying bureaus as she's been doing it at the fire bureaus and other places. Those bureaus have been doing it with her help and guidance. I trust you to make those changes. I think the language that commissioner Leonard has brought to you clearly gives you the latitude to do what you need to do. We need to be on the order about talking bluntly about the cultural divide, and what divides young people from looking at these careers and their views of these different occupations. We've got to go after that at a much younger age or we won't solve the problem. It's related very much to the cultural view and the distrust we're trying to work through on the big level. With that I vote aye on the amendment.

Katz: Mayor votes aye. [gavel pounded] all right, let's move on to the second amendment.

Leonard: I need to make a comment. I'm sorry. When the apprenticeship program was implemented in the fire bureau in 1994, the comparison of the fire bureau unfavorably was to the police bureau. Was how is it that the police bureau, Chief Wall and Randy Leonard, has as many women and minorities as you do and you don't. So take that for what it's worth. The second amendment says that the police bureau will create a formalized -- excuse me. Police bureau will create and formalize a labor management committee made up of members of the Portland police association, the Portland police commanding officers association, the district council trade unions, the city professional employees association and non-represented employees. The labor management committee may utilize models employed by the Phoenix, Arizona, fire department, the bureau of emergency communications and other labor management models as appropriate to develop labor management implementation plan to be presented to city council no later than October 31, 2004. This desire on my part has been widely misunderstood by people who aren't familiar -- maybe people who aren't inside baseball players and probably some inside baseball players, as being some benefit to unions. This is clearly the initial reaction most people have, that this somehow creates some empowerment and influence for unions because I'm a former union president. What I have warned the union leaderships about and two bureaus we've implemented this at, 9-1-1 and the bureau of development services have learned is quite the contrary of giving them a lot of influence. It's created a lot of responsibility on them to make sure their organization functions in a very healthy way. For appear example, at the bureau of development service we had not only widely -- I think believed in the community that we had a dysfunctional permitting process. We were widely thought of as a dysfunctional work force. In the prior 18 months they -- and I do mean they with this model of a labor management system -- have created a more streamlined permitting process, which we'll hear a little bit about here later. We've resolved internal conflicts so we actually have no grievances at B.D.S. or the 9-1-1 center where we have a similar process and we've involved those employees in developing the budget. No giveaways, no settlements of the contract above what our stated goals of the council are. Quite the contrary. Everybody understands better how the system works and why it works. My purpose for doing this for the police bureau is exactly the same. I don't think that it is our responsibility to create as a city council an atmosphere that is best for the employees that work at the police bureau. Our responsibility is to create the best police bureau possible for the citizens of the city. One of the ways you do that is create the best atmosphere possible for the employees that work there. This process requires that the employees sit at the table with the chief and his managers and formalize their dispute resolutions. They don't have that now. With this, they sit down, work them out, they're required to work them out. And the relevant is the employees often have to go out, chief

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foxworth, on your behalf, and explain why they agreed to certain things that they that otherwise would have resulted in a grievance in some system where they didn't exist. So that they have to go out and shoulder the responsibility of, well, we're doing it this way, guys, because. Which takes the responsibility totally off your shoulder and is shared by them. I believe with the adoption of this system, we will -- and combined with this effort to hire more women and people of color -- see kind of a rebirth in the police bureau and a reenergized work force, along with the chief that will result in better services to the citizens.

Katz: Chief, you all right with the language?

Foxworth: Yes, I am.

Katz: Ok. Do I hear a motion?

Leonard: So moved.

Katz: A second?

Francesconi: Second.

Katz: Any objections? Hearing none, so ordered. All right, 925, roll call.

Item 925 vote.

Francesconi: I'll just make my comments on both of them right now. That will be quicker. It's good to have a definition of community policing and for us to reassert it, but, you, the question is what are we all going to do to make it real? That leads to the second. We agree on a lot of things. Maybe one thing we disagree on. I'll save that for the end. But the things we agree on are very important. One is this community policing is all of our responsibilities, not just the chiefs, and not just the police officers for that matter, but parks, after-school programs, just to mention one, how we all do this. Second is that the relationship of police and community relations, as was talked about here, I think pastor haines talked about it directly, is the one or two issues in the whole city. I've been for other reasons walking some neighborhoods here lately and it comes up in southeast and southwest, not only in northeast. It's the most important issue in the city. Third is we have a -- we have the perfect -- perfect's a little strong, but we have a very good police chief to help address this and to move this forward given his experience in the neighborhoods, given his experience with online officers and given his heart and his values. I've talked to online officers to find out what their view is. They said what robert king has said, which is let's not put any wedges between the chief and us, because we respect this guy because he respects us. The third thing that -- third or fourth thing we agree upon is that we have terrific officers, police officers, who care about the city, and who really do care about the city and who put their lives on the line. And i've gone on enough ride-alongs, where i'm sticking in the car because i'm afraid to go outside to know. And we have officers that are understaffed, and who are trying to do community policing, would like to do community policing, but can't given the limitation of resources. And so there is a serious problem in the precincts about staffing levels. And the other thing that we really agree on is that this end resolution, where the police commissioner advances it, and the whole council supports it, is a better process, because there's uniformity in the messages being sent. Where we disagree is we leave it to the bureau to work things out and present it. I do not believe that, despite everything I just said. And the reason is I believe in the civilian control of the military and the paramilitary. That's a basic premise of our country. That's a basic premise of this city. So for me as a city commissioner to ask the terrific police chief and the police bureau for a report on what they're going to do increase diversity in the police force and get to national standards on training, report to us their efforts on how to de-escalate a force at a time right now, how we're going to improve labor management, was the right thing for me to do. And the response has been because it's all of our responsibilities, especially me as an elected official. So i'm very pleased with where we're at. I'm confident we're moving in the right direction, but it's our job to raise these issues and then to have the chief and bureau respond about how they're going to do it. So I look forward to the report in october. I look forward to helping you in the ways that I can advance your cause, and to keep pushing these issue, because it the right thing to do for our community. Aye.

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Leonard: Aye.

Sten: Well, I'm obviously going to support this, and a couple of thoughts. I mean, I think this gets at all of the right issues. I do feel strongly -- and there's -- you know, it's hard, I think, at times for people to encapsulate things this important and of this much passion, and importance, in quick sound bites. So sometimes I think some of those are misleading that come out from all of us, but I believe that it is very important for the city council to be clear about the priorities. I'm not convinced we've been unclear in the past, but I think it's -- it's important to be clear and this resolution does this again. Once we're clear about the priorities, we have to make sure that we send the message to the community that we support the people that were hired to do it. There did come a time in the last chief's reign where I lost confidence in his ability to do the job he was hired to do. He a very difficult decision when I decided to do that at one point. There came a point where after talking with the mayor, I said I'm not confident on these issues. That was a big piece for me. In this case I'm very confident in the chief's ability to move forward. We have to be very careful that we send a message to the citizens that these are expectations, here's how we expect them to get done, and then give him some room to work and to get those things done. I don't think this resolution does anything other than reestablish those pieces. That being said I want to share two thoughts. I don't believe the citizens will ultimately judge any of us, the chief, myself, anyone else, on anything other than what happens. Do things feel better in the streets. To we feel like there was justice done when mistakes were made or not made. I do not believe, unfortunately, in the type of society we live in, that it's realistic to expect that there are not going to be uses of deadly force at some point. The question is going to be, were they avoidable, was the -- were the steps that were taken to avoid them proper, and was the training proper so that we don't get in these situations where perhaps somebody has followed the rules correctly, but the rules weren't right. So I think the results of what we're going to be judged on. So my second thought along those veins, well, I don't think at all the definition of community policing -- and we're voting on the first resolution, which is renew the city of Portland and police bureau commitment to community policing -- has changed. I'm not 100% convinced that we've really gotten to the next couple levels of saying, so what does that actually mean when you're on a traffic stop? What does that mean? Does community policing mean at times you let somebody drive away. Does it mean those kinds of things? I don't know the answer. I've not been trained in those issues, but at this point I think it's time to get to that next level of discussion. It's a hard one to have, but I think that's where we go next. The council can pronounce that we're committed to community policing, and I'm as committed as anybody else, but at the end of the day it's the results on the street that matter. We've got more work to do on that front. And I don't think -- I don't think the chief or Robert King, for that matter, would have sought the posts they have right now, neither of which I would seek under any circumstances, since they did not realize the enormity of the situation, so I look to them to help us through the next phases, and to the Albina ministerial alliance for the work they've done. It's difficult work to change the police relationship, it's standing up in front of a crowded church of legitimately angry people and saying, we're going to work constructively on this, and for that, reverend, my hat is off to you. Aye.

Katz: Let me approach community policing from a little different angle. You can't imagine the frustration when there are crimes committed on the street and the officers are trying to solve the crime and nobody comes and helps them, or they run away for a variety of reasons, they fear for their lives, they don't want to get involved, they're afraid, but they walk away. Part of community policing is to make sure that the community clearly understands their responsibility to help solve the crimes. Help the officer on the street that are looking around to see who's around, who saw what, what happened, and provide them information so they can solve the crime. That's a part of community policing that nobody's addressed and that needs to be addressed. I wanted to bring this resolution so that it would have you unanimous support by the council members. Clearly the council members give a sense of values that they share with the chief and with myself as police commissioner, and commissioner Saltzman is not here, but he did ask me to share with you that if

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he was here he would be supporting the resolution -- the next resolution. I also want to remind everybody that one of the most important values, one of the most important strategies that we have is to reduce crime in the city. Number one. Make sure people feel safe at home and on the streets. For that we need to make sure that you have the resources, which I had hoped that you would have got than, but that -- maybe that will happen some other day. To make sure that happens. And to make sure that our officers are trained, and involve the community to solve the crimes. That's the reason the resolution is brought here. I don't want to argue with -- with you, commissioner Francesconi, in how it was done. All I want to say to you is we've been working on this for a long time. A long time. And we'll continue working on it. You have my word that the chief and yvonne and everybody on the 15th floor, and everybody on the street, officers on the street, will continue working on community policing and on making this bureau an even better bureau than it is today. Reverend, bishop, and all your ad hoc committee, thank you. It was a pleasure working with you. It took a while to get there, but we did get there together. I appreciate that. Robert, thank you for representing the officers, and let the officers know that everybody here on the council supports their work and prays for them every morning, or evening, making sure that they get home safe to their families and to their loved ones. Aye. [gavel pounding] ok, 926.

Item 926 vote.

Francesconi: Aye.

Leonard: I saved my comment for this one. When I got hired in the fire bureau, I went through the physical, the written, and thought I was done, until I was told I had to go meet with the personnel officer, the second in command of the fire bureau, mel brink. Mel passed away last week. And "the Oregonian" did an extended article about his life. And there was something I learned in reading that that I didn't know about mel. He stood in line to become a Portland police officer and accidentally ended up in the firefighter line. And worked for 38 years for the Portland fire bureau, rising to number two. Now most people that read that probably thought, what is wrong with this man? He stood in the wrong line. Of what's he thinking for staying there for 38 years for heaven's sake. I understood why. I think chief foxworth, you probably understand why, and I think robert understand why. Because I think it is a fairly unique and common trait that draws people to the fire and police services that could be interchanged. My reason for telling you that is I understand how hard this stuff is. If you've felt at all that i've been a little too focused on you since you've been chief, it's because of that phenomena. I know how hard it is. I've sat in fire houses and have had life-long friend from the fire bureau, screaming at me, purple in the face, how I could betray them in the way I had in defending the hiring of women and minorities. I've stood on training grounds, saying firefighters screaming at me, they were going to recall me from office sitting in these chambers saying the things I did in hiring more women and minorities. I understand how hard it is. I know you could walk back to the police bureau and say, by god, we're going to do a labor management agreement, and you'll hear why that's a bad idea. I understand that. So my goal isn't to have you feel like I have been unfairly focusing on you. In my own unique way i'm trying to be supportive of you and give you tools that you can go back and say, you guys, say what you want, but here's the directive, here's what we have to do, and figure out how to do it. I believe that. I believe that your heart is in the right place, or my strategies would have been a lot different, believe me. So I appreciate, as well as anybody else here, your efforts. And my efforts are to support you in my own way. Aye.

Sten: Aye.

Katz: Mayor votes aye. [gavel pounding] all right. Thank you. Thank you, chief.

*******:** Thank you very much.

Item 927.

Katz: Item 927. Anybody want to talk about this item? Roll call.

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

Katz: Mayor votes aye. [gavel pounded] 928.

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Item 928.

Katz: We did talk about this, that the office of finance and management was going to come in with a finance plan. Quickly go over it.

Ken Rust, Director of Financial Management Services: Good afternoon, mayor and council. Ken rust, bureau director, bureau of financial management services. Last week you made a decision to purchase the land at Washington/monroe for a future community center. The ordinance in front of you authorizes us to actually go out and establish a line of credit that will finance the acquisition. It's an amount not to exceed \$4 million payable up to five years in length. That along with the parks and the general fund contribution should allow us to fund the act sis of the property and repay the line of credit when future revenues materialize pursuant to the financial plan.

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

Francesconi: Susan, do you want -- susan pearce is here. She's been waiting for four hours.

Susan Pearce: Actually, i've worn several hats in this one. Good afternoon. I'm susan pearce. I live at 3142 southeast 25th avenue. I just want to thank you ahead of time for your votes in favor -- for your votes in favor last week of the plan to finance and your votes in favor today to finance. That's all i'm going to say.

Katz: Anybody else? Roll call.

Francesconi: Susan, thanks for staying all this time and supporting, but, ken, especially, thanks on behalf of all the residents of inner northeast, thanks, as well as parks for making this happen. Aye.

Pearce: I just wanted to say. Susan lindsay --

Leonard: Ok, the roll call.

Leonard: Aye.

Sten: Aye.

Katz: Mayor votes aye. [gavel pounding] did you want to add anything?

Pearce: Just that susan lindsay was here and had to go back to work.

Katz: Let's dispose of 933 and 934.

Item 933.

Katz: Roll call.

Francesconi: This is where we get the benefit of urban renewal, to help bring down the l.i.d. and provide something really important to the neighborhoods. Aye.

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

Katz: Mayor votes aye. [gavel pounded] 934.

Item 934.

Harry Auerbach, Sr. Deputy City Attorney: On this one you need to -- someone wants to add an amendment to add an emergency clause, effective date of september 1, so you can start charging the new fees --

Moore: They want to withdraw that.

Leonard: What was that?

Auerbach: Because of the 30 days they won't go into into effect until september 4, three days later, but they're ok with that, so never mind.

Leonard: Right.

Katz: Roll call.

Francesconi: I'm glad you withdrew it, because i'd given notice that i'm not going to support this. I appreciate all the efforts, but a 12% average increase at this time in our economy is too much. No.

Leonard: This, as i've said before, helps us improve the services to the community, along the same path that we've been following for the past 18 months. So I appreciate the work of the bureau in developing this. Aye.

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Sten: Despite that council can now do resolutions on any bureau, i'm going to leave this one to commissioner leonard. Aye.

Katz: Mayor votes aye. [gavel pounded] we haven't lost our sense of humor. All right, 929, 930, 931, 932.

Francesconi: A couple of these are east side, mayor. You might want to separate out the east side from the --

Katz: Let's start with 929.

Francesconi: You could do 930 and 931 --

Katz: That's all right. They can testify to all of them, then. Read them all.

Katz: Ok.

Items 929 - 932

Vicki Diede: Vicki diede with the office of transportation. I'm the city's project manager for Portland streetcar. The resolution before you would adopt the gibbs alignment and the preliminary capital budget for the gibbs extension to the tram connection and it directs a number of actions for implementation. Portland streetcar, inc., project staff and stacy whitbeck and inc. Have looked at three different alternatives to go from riverplace to gibbs to the connection to the tram. Two of the alternatives required major reconstruction of southwest moody avenue between sheridan and gibbs, and significant relocation of water and sewer lines. One of those alternatives was to build a two-paved track section in moody and the other was for a single-paved track section in moody. The estimated cost was greater than the available funds. So the third option, which we call alignment alternative c, avoids the cost of reconstruction -- reconstructing moody and avoids about 9% of the utility relocation work. Alternative c uses a rail right-of-way just west of the moody street right-of-way. Just a refresher, the willamette shoreline line is the old southern pacific jefferson branch rail line that was pumped by a consortium of governments, including the city of Portland, to preserve that alignment for future rail transit. So we would use that, we will run on -- in moody from river parkway to sheridan, and then from sheridan we would cross over into the rail right-of-way, just immediately to the west of moody. So the Portland streetcar, inc., board supports the alternative c, and then asks that we review these options with other parties. So we met with tri-met, with the consortium members, with the Portland development commission, the bureau of planning staff, property owners, and cthl neighborhood association, and they already agreed that alternative c was preferred. It can be done within the existing funds. So in addition, significant savings can be realized by another action, and that is accelerating the construction schedule of the gibbs project so that it follows immediately on after the completion of riverplace. The contractor will be mobilized, and there are just huge inflationary pressures going on right now, particularly with steel and concrete. So the sooner we do those, the less of the inflation will hit us. Further, the Portland streetcar, inc. Board is recommending that some of the savings resulted both the alternative c alignment and the accelerated construction schedule be used to offset the cost of a third streetcar vehicle, which will help us with our ongoing maintenance of these -- of the entire fleet and it would also avoid the higher cost of building a single car in the future, which we would have to do to get down to southwest bancroft, which is the last phase within the south waterfront streetcar project. So the budget attached to the resolution for consideration reflects that recommendation. And then the other actions have to do with the fact that before we can order additional streetcars or enter into a construction contract for gibbs, we will need to come back to council with some very specific things. One of them being the formation of the gibbs local improvement district, and an amendment to the agreement with tri-met for funding assistance for the ongoing operations and maintenance. And regarding the latter i.g.a. with tri-met, our goal to limit the city and the private sector participation to 1/3 of the total costs with tri-met picking up the other 2/3. As you know, we started this out with a first-year budget of \$2.4 million, when tri-met agreeing to pay 2/3 of our budget up to a maximum of \$1.6 million. Their participation has stayed at the 1.6. We've all kind of realized

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that that's not very fair, so we're trying to come to an agreement with how to get that better into balance. That contract expires the end of 2006. We would be amending that contract.

Katz: Ok. Let's talk a little bit about the east side.

Diede: The other three, the amendment -- let's see, have I got the right order here? Yeah. The amendment to Portland streetcar inc. contract for the completion of the design work to gibbs. Back in the days when we thought we would use the funds for the federal transit administration for the gibbs extension, we had an amendment to the Portland streetcar, inc., contract that was approved by council to provide those required federal -- that required federal process. Since we're not going to be using federal money, we amended that contract to switch it over to a design contract, and this amendment that's before you provides for the additional funds for the design and engineering for gibbs. The next amendment is an amendment to the stacey whitbeck riverplace construction contract. Knowing how we're going to get to southwest gibbs, we've revised the riverplace terminus to move it right at moody and the corner on moody, about 253, 300 feet. What will this do, let us build the gibbs extension with only minor disruption to the riverplace service. There's some issues with tying in the electrical systems at the en, but those will take minor shutdowns. So we can keep that service going while we're doing that building. And then the last amendment is also to the p.s.i. contract. This is for a continuation of services related to the east side streetcar. There's a significant amount of federal money currently waiting to be -- or it's in the re-authorization of the surface transportation act that has been in front of congress for a little over a year now. It doesn't look like it's going to pass before the end of -- before the elections. But congressman blumenauer has earmarked \$1.5 million in that bill for the east side streetcar. In addition to that, then we would use that federal money to help us with p.d.c. to leverage about \$900,000 from two of their urban renewal districts on the east side. So that, plus we've got two h.u.d. Grants, and there looks like there may be a third, will put together enough money so we can do the required alternatives analysis, the environmental documentation, and start on the preliminary engineering. So p.d.c., while we're waiting for all those things to happen, p.d.c. has graciously allocated \$900,000 of new funding and reallocated -- not \$900,000, excuse me. They allocated \$90,000 of new funding and reallocated of \$90,000 of fund not expected in f.c.2003-2004 to keep everything moving along that federal schedule. Those are the items.

Katz: I think I flagged this to you several times, but please work together with the freeway loop group, because they are going to make a recommendation.

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

Katz: Anybody else want to testify?

Moore: We have susan pearce.

Susan Pearce: Good afternoon. I'm susan pierce at 3142 southeast 25th avenue. First of all, mayor Katz, this is the second week that i've been here, and i've seen you here. It's nice to see you back. I know you're facing a lot of challenges and we're thinking of you.

Katz: Thank you.

Pearce: The streetcar advisory committee, i'm a member of both of those, along with a number of other committees that have to do with what's going to happen on the future of the inner east side. And i've been watching the loop group carefully, although i'm not a member of that group, i'm speaking as an individual, not officially as any -- with those groups, but with that background, and i'm sure many people agree with me. The steering committee has been working as a collaborative effort between members of the lloyd center business district and the central east side industrial council, along with citizens for a number of months, in partnering to bring this whole idea to the east side. It's expected to bring an option for alternative transportation to the east side, eventually along, as you know, the east and the west on the north and south an we're looking forward to that as a means of improving transportation and alternatives to cars as well as urban renewal and more business, as well as residential growth. The people on the inner east side are very much pro alternative transportation, walking, biking and bussing. We're anxiously awaiting eventually having

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max on the inner east side. Meanwhile, we look forward to having the streetcar as a form of -- as a form of rail transportation. The present alignment along the planned alignment along m.l.k./grand will bring the car -- streetcar through the -- an important part of the inner east side, as well as delivering people to omsi in the process of losing bus service. I'm really glad vicki went through all those numbers in terms of funding because I could never have done it. I'm just thanking for your vote in favor of allowing this project to continue, as well as this private project.

Katz: Ok, thank you. If not, roll call on 929.

Item 929, roll call.

Francesconi: The streetcar is about housing and jobs. There's been a recent report in the pearl district about the number of jobs created, number of cost. It's up to 30 companies. A lot. So it's a development device. It's about housing. It's about jobs. And if we can link it with the central east side, then it becomes even more about transportation, but it's about keeping our city competitive, especially our central city, through housing and jobs. It's done that. That's point number one. Point number two is, the money. We're talking about a local district, we're talking about tri-met funds, and some tax increment. What we're not talking about is general transportation dollars that are used for fixing the streets and fixing the potholes. We're not talking about that in order to do this extension. And by making the extension it allows south waterfront to happen, without these extensions. We're also not going to get the jobs in development that we -- and development that we talked about this morning. It's transportation infrastructure in the tram and the streetcar that allows south waterfront to happen and the research jobs we all want. And finally the streetcar board is tight with the money. And they are doing a very good job of being fiscal stewards here, which we have to do, if we're going to meet all these goals and aspirations. Vicki, thanks for your work. Aye.

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

Katz: This is really more than about jobs or transportation. It's truly about a spirit of the city, continually viewing itself as an element that grows, that continues to diversify itself, that continues to think about the future, and what we've done today from the tram to the streetcar is to begin to create a new -- a new community, a new city, in the hopes, at some point, that it -- that both the east side and the west side are tied, which is our goal, we're working on that, we're not quite there, but we've been making real progress. This is more about a city staying alive and a city looking forward rather than backwards. Aye. [gavel pounding] 930.

Item 930 roll.

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

Katz: Mayor votes aye. [gavel pounded] 931.

Item 931 roll.

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

Katz: Mayor votes aye. 932.

Item 932.

Francesconi: I want to take a moment on this one. Mayor, this is -- we are actively working at both links on the river, and the esplanade does in one sense, but the streetcar will do it as well. This is very good. Now we need federal dollars to make this thing happen. There's a plan to do that. I appreciate congressman blumenauer's help to do that, but senator smith and senator wyden are working on this to have this happen. I also want to, as vicki diede, acknowledge p.d.c. In fact, we had a meeting this morning to talk about it with p.d.c. one of the things they're talking about doing I guess the development study about -- along which opportunities there are in terms of housing and jobs in the central east side. And that will be a good next step as part of this, too, to make this thing happen. There's a lot of excitement on the part of the -- the community. So it's good to see you here, susan. The industrial folks are excited. The neighborhoods are excited in the central east side. There's also a lot more cooperation between the lloyd district and central east side as well as the downtown community. So the links of relationships which lead to the links of transportation

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infrastructure is really happening, and so now we have to make sure that we've got a federal partner who's going to really invest in this thing to make it go. But this is good preliminary steps. Aye.

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

Katz: Aye. [gavel pounding] everybody, we're adjourned till 2 or 2:15? What's your choice?

Leonard: 2:15, since you asked.

Katz: 2:15.

At 1:07 p.m., Council recessed.

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[Roll call taken]

Item 939.

Katz: Let's take item 939. Ok, there were no amendments on that. If not, roll call.

Francesconi: Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounded] all right, 935, 936, 937, 938.

Items 935-938.

Katz: Let me introduce this before I turn it over to commissioner Francesconi. Today we had an interesting day. After years and years of work on a lot of projects, including this one, today we've made some final decisions, financing decisions, on the tram, to develop a new neighborhood and watch the city flourish and grow. Portland streetcar, that will tie the tram and south waterfront, as well as begin planning that for the east side. And today something that a lot of people in this room have been working on, and I had the -- I was very, very fortunate to chair an illustrious group, but also citizens involved in developing the notion of the design, though that still needs a lot of work, but the light rail along the mall, what it means, what we want it to be, what we envision it to be like, and today at financing package. So three major transportation issues addressed today beginning to set the foundation for the future. Commissioner Francesconi.

Francesconi: And that was well put, mayor. Actually the future for maybe the next 40 years. I was going to say 20, but it's longer. The common ingredient is jobs, and it's housing, and it's economic vitality, and it's uniting us together. We've had great partners to do this. All three of these are very well linked. It took a tradition of people like congressman Blumenauer, Charlie Hales, as well as many other folks to get us to this day, but to get there we also have to pay for it. Of the three projects, probably the most significant, at least this light rail project is one of the most important projects, if not the most important project, in the last 25 years. Not only for what it does for the downtown, but it also links to Levens, goes out through 205 and helps complete the system and prepare it for going to Vancouver in a link that our grandchildren are going to appreciate. On the financing side, the first one we have in front of us today, is the local improvement district. My suggestion to the mayor and to the council is we're going to hear some testimony and very much of it is in agreement. There's a couple issues that will be raised that I think we should look into. For example, the issue of housing. You know, right now we're exempting condominiums on the light rail project. And as the idea of then charging low-income housing is something we should consider not doing as commissioner Sten and others and I agree with. So that's one issue that we have to flag. There's going to be some other issues. So my suggestion on this first one is that we take some testimony and then charge people to go back to see how this works and then come back. Some other ones we may be able to proceed on right away. So let me turn it over to Brant and Fred.

Brant Williams, Director, Portland Office of Transportation: Thank you, commissioner.

Mayor, members of the council, Brant Williams, director of the Portland office of transportation. On May 19, the city council approved by resolution the final conceptual design report for the Portland mall revitalization project. As part of that resolution you directed the office of transportation to work with the office of management and finance to come back to you with a final proposed financing plan for the first phase of the south corridor project. The south corridor project is more than just the Portland mall revitalization effort. It's also the extension of a light rail system from gateway regional center down to Clackamas town center. So we have that piece of the south corridor project along with the revitalization of our Portland mall with the addition of light rail to fifth and sixth avenues. Before you there are four specific items that we're going to address today, but the primary one is actually the interagency grant agreement with Tri-Met that will commit the city council to the \$45.3 million local match that's the city's -- city council's contribution to the south corridor project. I'll get into more of the specific -- specifics of this interagency agreement,

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but first i'd like to turn it over to fred hansen and allow him to talk about kind of the broader aspect of this and the overall funding strategies. Fred?

Fred Hansen, General Manager, Tri-Met: Thank you. Madame mayor, members of the council, for the record fred hansen, general manager of tri-met. It really is an historic day. The city and tri-met have had a long history of seemingly cooperative working relationship ever since the beginning of the original mall back in 1978. We're especially grateful to you, madame mayor, for the leadership over the year and a half, not just to oversee, but to help drive the agenda on terms of making the design right for the mall. And I think we really have seen a conceptual framework, more than that, not quite a detailed design, but a very effective approach for how to be able to have light rail and other activities on the mall itself. I think both you and commissioner Francesconi referred to how important these infrastructure investments are. To me they are really not just about moving people from point a to point b, though they clearly do that as well, but really transformational infrastructure investments, and you're allowing for transformation of areas throughout the community and connections that are there. Since january of 2003, staff from the city, from Portland development commission, from metro, from tri-met, from downtown business community, from pedestrian coalitions, from citizens, have really formed a collaboration to be able to bring this project to about the 30% engineering level. And I think it's shown great consensus. The good project has produced that consensus, ranging from the Portland business alliance to the willamette shore pedestrian coalition and lots of parties in between. And i'm not sure, madame mayor, when we started that process, that any of us thought that that would happen and yet it has, which is so much the Portland way. The project will help enliven the mall for retail, pedestrians, transit riders, and provide a continuous vehicle travel lane from union station to Portland state university. And really to develop as the station as place concept for the light rail stations, which we think are particularly exciting and opportunities for both development and redevelopment in the downtown core area. We're now ready to submit what is referred to as the new starts report for the mall. This is to the federal transit administration. It is the first step in being able to have projects ranked and evaluated before going into the full preliminary engineering, final design and full funding grant agreements that are necessary to be able to have their participation in the project. This mall project is a part of the i-205 light rail that goes from gateway to clackamas town center and is a very important, reaching into, for the first time, for fixed guideway, into clackamas county. It compromises in total about an 8.3-mile light rail project, \$494 million project. The Portland mall portion of that is at just \$165 million, not insignificant, but it is only a portion. In the process for federal grants here, it's important to be able to recognize that the new starts program, the so-called 5309 program, under the federal transit administration, is one that provides discretionary funds, and is a commitment that is made at the time of entering into a full funding grant agreement, that the federal government is entering into a contract to ensure that in this case the greater Portland region has confidence that the federal dollars will flow to the completion of the project. We expect that those federal dollars will account for 60% of the total cost of the project, and that as a result that we gain greatly by that area of reinvestment. And it's our congressional delegation that's been very successful in ensuring that the appropriations necessary to be able to achieve pass full funding agreements, such as we had on the interstate max project, are actually achieved and on time. We're now in the final stages of putting the local 40% funding match in place. This includes money from clackamas county, where they've already taken their action. In fact, two weeks ago tomorrow was the time they took their action to be able to put in place funding from the urban renewal district of \$35.3 million. There are also monies coming from odot and the transportation commission has taken action on that. And obviously before you today the city of Portland, as well as monies that have already been committed by tri-met, metro, and a part of the activities today from Portland state university and the local improvement district. What I think important is to be able to recognize is that the federal government looks at three major activities, or elements, of a project to determine whether they will participate in the funding--the requested 60% that we expect for this project. I

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refer to it as a three-legged stool. The first leg is that the project must be a good project and must provide for higher ridership in terms of transit. It must provide for land use connections. It must be enhancing of the system. And it is in this case we have a very strong project. The ridership on the i-205 alignment and the connection into the downtown Portland area are very, very important, and will rate high on the federal process. The second leg of that stool is the demonstration of the operating capability of the entity. In this case it is tri-met. We must show and appropriately so that if a project is going to be built with federal funds, that the region has the ability to operate it over a minimum of a 20-year period. It is that process that the tri-met board has been working on and is in the process of implementing the -- the authorization for a payroll tax increase that was authorized by the last legislative session, that is a one-tenth of 1% increase in the current payroll tax to be phased in over a 10-year period. My board has in fact taken that action for the first reading last week, and will take it the -- or week before last, and will take its second reading next wednesday. That element demonstrates that second leg of the stool, and that is the ability to operate over the 20-year period. The third, and that action that is before you today, is the committed local share. In this case 40% or \$197 million. The city council's action today combined with actions that have already been taken, as well as the expected actions by the Portland development commission next week, will be the final local commitments of the funding package. The city council endorsement of the funding plan and the l.i.d. Is a critical commitment for securing the final piece of funding for the i-205 mall project. But time is of the essence. We must have our new starts submittal to be at the federal transit administration by august 20. Our mail date is august 18. To be able to be there. Because of the competitive nature of these projects from across the country, we cannot take any risks on having an incomplete action submitted to the federal government. I like to be able to say that we don't want to give them any excuse to stamp incomplete and return that application because of the concerns they have about us not having everything in place. It would also, if we did have to delay, it would add extra costs, something I don't think any of us would like to see. I appreciate the city's commitment, involvement and leadership and would help to answer any questions.

Williams: Thank you, fred. Portland's share of the local match for the project is \$65 million -- actually it's \$65,332,000. Fred indicated that tri-met's negotiating an interagency grant agreement with p.d.c. at this time for \$20 million of that \$65 million. So what's before the council today is the commitment of the remainder of the city's share which is \$45.333 million. The i.g.a. actually has four components that provide the local match for the city. The first being the \$15 million in revenue bonds backed by increases in parking meter revenues in our downtown parking district. The second one is a \$24 million local improvement district, part of which is funded by p.s.u. There's \$7 million of that \$24 million will come from p.s.u. They've already signed a petition supporting the project. The remaining \$17 million of the local improvement district would come from the remaining 1200 or so properties in the downtown area. The third component is the combined \$5 million from the public utilities, both bureau of environmental services and the water bureau. And the last component is \$1.3 million coming from the transportation systems development charges. And the funding package that's proposed in the intergovernmental agreement is fairly consistent with the conceptual design report that was adopted by the council back in may. Ok, so besides the i.g.a., there's three other actions that are before the council today. And these actions are in an attempt to secure the funds or -- or put in place mechanisms to eventually secure the funds that will provide you with the assurance that you need to be able to go ahead and approve the i.g.a. with tri-met. Our goal ties make sure that you have this assurance and that's the reason why we want to put these other revenue pieces into place at this time. Randy miller with the Portland office of transportation has been our lead person on working with stakeholders in the downtown area regarding the changes to our meter system and the meter rates and meter times. Just real briefly, what we'll buy with these increases in meter rates, first all we'll buy the \$15 million in revenue bonds and the annual debt service will be funded by the increase in the meter rates. Secondly, as consistent with the conceptual design report, we're looking at establishing a mall

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management entity that would be responsible for an enhanced maintenance and management program for the mall. Approximately \$500,000 a year of the new meter revenues would go toward this mall management program, and it would be on top of the current money that both tri-met and the city are already putting towards the mall. As you know, the deterioration of our existing mall is one of the reasons why we're here to revitalize it. We don't want be back here in 25 years having to rebuild the project. And so through an active and very proactive way to manage and maintain the mall with additional resources, we feel like we can keep that from happening. The third area that's funded by these increased meter revenues is the -- we'll lose approximately 150 parking stalls along the mall because of the project. That's lost revenue to pdot. And so the increase in meter revenues would offset that loss to pdot. And lastly, in an effort to improve transit service throughout the downtown area, not just with the transit mall, but also our streetcar system, the meter revenues would add \$300,000 a year to enhance the streetcar service, which would decrease the headways, the current headways are around 14 minutes, and would decrease the headways down to 11 minutes.

There's an accompanying ordinance that goes along with the ordinance that changes the meter rates and meter times, and that's to authorize the issuance of the \$15 million worth of revenue bonds. And that's more or less a housekeeping measure to make sure that when the time comes to issue the bonds we're prepared to do that. On the l.i.d. side, doug obletz with shields obletz johnson is the city and tri-met's project manager for the Portland mall segment of the south corridor project, and he's been working on this \$24 million l.i.d. ideally we wish we could be here with the actual formation of the l.i.d. Unfortunately given the time constraints between when the -- the conceptual design report was adopted back in may and up to today, we just didn't have enough time to get all the information regarding the 1200 or so properties, as well as meet all the legal requirements for forming an l.i.d. so what's before the council today is actually the resolution of intent to form an l.i.d. we will go through the formal notification process, the remonstrance period, and be back in front of the council toward the end of the september with the actual formation of the \$24 million l.i.d. at that time. This is a fairly important point that i'd like to stress to the council, because what we're asking for you to do is to go ahead and authorize, approve the interagency grant agreement with tri-met, which will commit the \$24 million to tri-met. You will be doing that without having actually formed the l.i.d. You will be doing that based on the -- hopefully the approval of the intent to form the l.i.d., and that should be based on the fact that we do have a significant amount of support for the l.i.d. And we feel like with that level of support that mr. Obletz will get into, we would recommend that you go ahead and agree to the -- the interagency agreement with tri-met and move forward.

Katz: All right. Let me just -- this is technical, procedural. These are non-emergency ordinances.

Williams: That's correct.

Katz: So they'll pass on to second reading next week.

Williams: That's correct.

Katz: On the initiating the local improvement district, that then will move with the ordinances. Do you want us to act on that now, just because it initiates it, even though there may be some boundary changes or exemptions of some classification of properties?

Williams: What's actually before you today is the resolution of intent to notify property owners that we -- that the city council plans to form an l.i.d.

Katz: To form one.

Williams: So we'll go through the next two months to go through all the formal processes of putting things in place and then come back to you with -- with an ordinance that will actually form the l.i.d.

Katz: Ok.

Williams: Commissioner Francesconi indicated that he would like to postpone decision of that today based on the testimony and feedback that we've received to date.

Katz: Just the initiation?

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Williams: Just this resolution of intent.

Katz: Ok.

Williams: Until next week. We'll deal with both the second reading and --

Katz: That's what I wanted to get to. We can deal with all of that next week.

Williams: That's correct.

Katz: All right.

Williams: Again, back to this point I want the council to understand, is that if next week, upon second reading, -prove the i.g.a. with tri-met, we will not have the l.i.d. formed at that time, but hopefully we'll have greater than 50% support at that point, which would mean that, if the l.i.d. was initiated by petition, we would have enough support on the petition for the council to feel comfortable, and thus the level of risk would be minimized for going ahead with the i.g.a. for tri-met.

Katz: What do you have now?

Williams: Doug will get into that a little bit more, but it's a little bit less than 50% right now with some pending property owners that are planning to sign.

Katz: Ok.

Williams: Finally, we're still working with the bureau of environmental services to nail down the amount of money that they will be contributing to this project. I have a commitment to the director, dean marriott, that we'll continue to work on this matter. For both the water bureau and b.e.s., their contribution to the project is based on the additional value they get from their system by the improvements and changes that occur to both the sewer and water systems as we do this project.

Katz: That's the policy of the city.

Williams: That's right. We won't know a lot of that until we actually get into final design of the project. So we still have time to do that. And the i.g.a. with tri-met allows the city to adjust the funds one way or the other depending how we eventually get to a point to come up with our \$45 million. So with that, I think I would like to call up doug obletz and randy miller and they can go through the specifics of both the parking meter increases and the lid also.

Katz: Ok. Randy and doug, why don't you come on up. And i'm sure we'll bring back both brent and fred at the end. Go ahead.

Doug Obletz, Project Manager, Shiels Obletz Johnsen: Mayor, members of the council, doug obletz, 520 southwest sixth avenue, suite 500 in Portland. I serve as the project manager for the city of Portland and tri-met. Over the last few months it's been my job to work with key property owners regarding the formation of the proposed local improvement district. As you can imagine, as I get to talk to property owners about assessments ranging from a few thousand to up to a million dollars, i'm really a popular guy around town. I'd like to give you an overview of the status of the l.i.d., report on our successes to date on the petition process, and outline a handful of key issues that have come up through our discussions with property owners and our public meetings. First of all, I want to give you just some quick statistics. This is a very large proposed district. It's in our experience the second largest local improvement district after the Oregon convention center local improvement district, which was done about 10 years ago. It contains about 1200 properties. That's exclusive of over 3600 condos that we'll talk about, but 1200 properties are in the district right now. It's 370 acres in size and contains properties valued by Multnomah county at about \$5.6 billion, and has buildings in excess of 40 million square feet. As you're aware, the district is divided up into three zones. An a zone, which has the highest assessment rate. Those are properties within about a block of the mall. There's a b zone, which has an intermediate zone, within another two blocks off the mall. A c zone takes in a large part of the rest of downtown. The assessments are divided among those three districts. About 52% of the total is in the a zone. That's the area closest to the mall with the highest assessments. About a third or 6 million is in that b zone. And about 2 million or 15% is in the zone farthest from the mall. The median assessment in the district, exclusive of the 7 million that p.s.u. is participating in, is about \$3400. That's the total median assessment. But

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there is quite a range. It ranges from a few hundred dollars up to a million dollars. Over the last few weeks we've been conducting an outreach program with the help of the city and tri-met. There are about 621 individual property owners listed in the -- in the l.i.d. District. They were all sent a letter on July 1 outlining the project in general, announcing the l.i.d. And providing contact information. On July 22, a second memo was sent to all the property owners, announcing more details of the l.i.d., providing a copy of the l.i.d. Petition and announcing a July 29 public meeting. On July 23, there was a further notice of the July 29 meeting, and information concerning the parking meter increases. The July 29 public workshop was attended by 11 property owners, and since July 1 we've received and resolved 12 email and about 15 phone inquiries concerning individual assessments. Tri-met also has a consultant that's been available to visit downtown property owners if warranted. With regard to the petition status, I want to reiterate what Brant said.

We're collecting petitions from key property owners, not so much to initiate the process, because under the code the l.i.d. can be initiated by petition, but we're collecting these petitions as a way to demonstrate to the council the extent of support that exists for our efforts. We've done our outreach efforts here in a relatively short period of time given the size of the district, and we've worked with the business alliance and BOMA to develop the district as proposed. As you can see, imagine, we've had actually very good success working with local property owners. It has been more difficult to work with key property owners that are located out of town and are removed from the local effort here to move the mall forward. As of today, we have petitions in hand. These are signed petitions in hand, from 45.2% of the total assessment. In addition, we have three other property owners that have indicated that they intend to sign the l.i.d. Petition. Because of vacation schedules and other constraints, they have not signed to date. If you add those in to the previous number, we will be at 51.8% of the total assessment amount. From the standpoint of remonstrances, the city code provides for city and p.d.c.-owned properties to be in effect an automatic yes in the process, and so if we're successful in getting the petitions signed for those three property owners that haven't signed so far, we add in the city and p.d.c. properties, we would be at 56.1% of the total assessment amount and about 36.9% of the land area, which is really the key area from a remonstrance standpoint. I think those numbers demonstrate very good support for this effort. I also want to point out to the council that some of the property owners that have signed petitions added some editorial comments to the bottom of their petitions. I think it's important for the council to be aware of these. Westin investment company indicated on theirs that their support for the l.i.d. was conditioned on p.s.u. contributing \$7 million through the l.i.d. process and because that \$7 million figure is sprinkled throughout the l.i.d. petition and is a basic assumption, we think that that will be fulfilled as a condition of moving the l.i.d. forward. So we think that issue is covered. P.s.u., on the other hand, conditioned their petition on reaching agreement with tri-met on payments for use of p.s.u. property for staging areas, substations, and l.r.t. station platforms and a resolution of student pass program. Again, tri-met is actively working with p.s.u. on all those issues and has been for some time. We're confident that those will be resolved in very short order. I'd like to point out about a handful of issues that have come up during our discussions of the l.i.d., and these are things that in some cases we have information on, others will probably take the next week to develop additional information for the council. The first is on ownership housing essentially condominiums. There's about 3600 condominiums in the local improvement district, and more being added every day as you can tell by the cranes in the river district in particular. To date condos are not included in the calculation of the l.i.d., and the reason for that is really twofold. One in the past the council has taken the position that it did not want to create disincentives to ownership housing in the downtown and has not included condos in the streetcar l.i.d.'s, for instance. The second is if there's a pure administrative challenge with tracking down and administering the l.i.d. on condos and a decision was made to leave them out of the equation.

Katz: Let me ask a question. We left them in on the streetcar?

Obletz: No, they were not included.

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Katz: Ok.

Obletz: If we were to include condos in the calculation, using the same rate we use for other residential, they would contribute roughly \$700,000 to the I.I.D.

Katz: And the rationale for excluding them?

Obletz: Two reasons. One is that the city policy of encouraging housing, in other words not creating disincentives to ownership housing by adding additional fees to the cost of housing downtown, and the second is an administrative issue of trying to administer an I.I.D. for relatively small amounts on over 3600 individual property owners. There's almost three times as many condos owners as there are other owners in the district.

Leonard: Sorry, but it would mean almost seem like they may be some of those that benefit the most from those projects.

Obletz: I can't argue with that. In fact, we had a meeting with several of the property representatives for condos in the river district, and to our surprise they said that light rail is viewed as a selling point for condos in the river district, and that --

Leonard: Why would you be surprised at that?

Obletz: In the past there's been a lot of opposition from condo owners to assessments. So we were anticipating kind of the same reaction. But the paradigm is changing --

Leonard: But that's different. I was asking why you'd be surprised that they realized they benefitted from max, not that they wanted to pay for it. Everybody wants to have benefits and not pay for it.

Obletz: I understand.

Katz: Well, and also most of these condominiums have been built already.

Obletz: Yes.

Katz: So the argument that it would discourage housing opportunities really doesn't hold much water.

Obletz: I understand.

Katz: Ok.

Obletz: I don't disagree.

Katz: All right.

Obletz: The second point is on low-income housing. There's been issues raised regarding the application of the assessment to low-income housing. As you know, the council's worked hard to support improvements to and additions to the low-income housing stock in the downtown. There are a lot of financial tools that have been applied, and actually some restrictions that have been applied to rents and so on. I know commissioner Sten has received feedback from low-income housing providers regarding the assessment. I want to give you a sense of what the potential impacts are. We looked at a couple of examples, innovative housing incorporated which has two properties in the downtown. They're the proposed assessment on those two properties, would be about 26,000. That's for the two. About 13,000 each. If they chose to finance those through the city's bankrupt bond process, it works out to about \$2200 annually for the two properties. That's about \$14 per unit annually. Central city concern has six properties. Total assessment on their six properties is \$34,000. Again, about \$3,000 annually for each of those properties. Another example is a larger project that was recently built in china town. Has a \$10.1 million value. The assessment on that property would be \$35,000. Annual payment of about \$3200, but if you divide that over 156 units it works out to \$21 per unit per year, about \$1.75 per unit per month. So the bite is not huge, but it is material to the low-income housing providers. The next obvious question is --

Francesconi: Maybe you were going to answer it. Go ahead.

Obletz: -- what is the exact of exempting housing from the I.I.D.? All residential that's in the I.I.D. Today, that's recently residential, including low-income, contributes in round numbers \$400,000. If we were to add in the condos, they represent \$600,000 to \$700,000, so about a million dollars at

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issue here. Trying to stay apples to apples here, if we were to just take out the rental properties in the l.i.d. Right now, it's about \$400,000. Has a relatively minor impact on a \$24 million l.i.d.

Katz: I'm sorry, are you including rentals now or not?

Obletz: Rentals are included.

Katz: You're excluding condos, but including rentals?

Obletz: That's correct. That's been the precedent in the past, on the theory that rental housing is really a commercial enterprise as opposed to a condo which is an ownership situation.

Francesconi: Well, it seems like at a minimum you got to take out the \$400,000, take out the low income. So the question for the council is, do you include condos right now and all housing on this, or do you direct transportation and others to look at bringing in housing for future l.i.d.'s, including the streetcar. I think that's the question for the council. But we can't do what we're doing now.

Katz: Go ahead, keep going. We'll get back to that. What commissioner Francesconi's raising is a major policy issue that the council needs to have a discussion about.

Obletz: Right. One mitigating factor i'd like to point out is that the experience on these l.i.d.'s is that the initial rate that's in the petition and the final rate that's assessed is -- there's usually a difference. It's usually lower at the time of the assessment. That's because the value within the district tends to go up over time. Streetcars had this experience, where they promised an \$8 per \$1,000 assessment, and it came in closer to \$5. We think that will happen here as well. To the extent the council decides to take certain property out, it may not have that big an impact over time.

Francesconi: What i'm thinking, I think we should pull out the \$400,000. Have you go back and figure out how to do without the \$400,000, go ahead with the l.i.d., because we don't have time to make a major adjustment here, and then ask you us to go figure it out for future projects, how we're going to do it. Because i'm conscious of not slowing this down for the federal project. That's what my recommendation to the council will be.

Obletz: Let me cover a couple of other issues. You'll hear testimony today, and I do have one letter that I want to give the council clerk, regarding the issue of historic properties. I have a letter from john beardsley who represents several properties, I and another representative of a property management company will be here today. They're concerned that the l.i.d. assessment method does not recognize the city's policy of supporting the rehabilitation and preservation of historic structure.

Our assessment method uses only one piece of information from the county, and that is the real market value of property. That's to create a level playing field, so that all properties are assessed on an equal basis. Mr. Beardsley and others have pointed out that they pay taxes on a net market value, which reflects the fact that the value of their properties was frozen at the time historic tax credits were put on. We've determined that there are approximately 88 historic properties in the l.i.d. They represent about 8% of the total value, about \$450 million. About \$1.6 million of the total assessment, about 10% of the total assessment. We have not yet determined the impact of a different assessment method, but plan to do so in the next week. We'll need some advice from the council on whether they want to go with this option as well. The last issue has to do with non-profits. I think some of the commissioners have received calls from nonprofit organizations, regarding their inclusion in the district. Again, they're following past precedent of including non-profits in transportation-related l.i.d.'s, but many non-profits are assessed under this proposal at a lower rate than commercial properties already. Churches, areas of public assembly, public and private buildings that provide public services of various sorts, already are assessed at a lower rate. So those are the main issues that have cropped up.

Francesconi: How much lower rate roughly?

Obletz: The rate, just to give you the bare number, the current rate for commercial properties, is \$5.25 per \$1,000. And local institutional uses are assessed at \$3.50 per \$1,000 of the so about \$2 less.

Katz: That's it.

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Obletz: Uh-huh.

Katz: Ok. Randy?

Randy Miller, Office of Transportation: Thank you. Good afternoon, mayor and commissioners. Randy Miller, office of transportation. The item before you is an ordinance which would direct an increase in the short term parking meter rate, unify long-term and short-term parking meter rates, and provide an extension of meter operating hours with a schedule of implementation to July 1, 2005. Presently the city operates about 6400 onstreet parking meter spaces in the downtown. Parking spaces are managed first to meet short-term parking demand, then to meet carpool parking requirements, then finally there are some meters in the -- outside the core that meet long-term demand. Parking management is integral to the management of the overall city's transportation system. The specific goal of the city's onstreet parking system is to promote the economic vitality of commercial districts by encouraging parking turnover, improving traffic circulation and the use of offstreet parking. General policy direction for the management of onstreet parking is provided by the central city transportation management plan, additional direction and guidance is provided by the city's parking meter district policy. This policy addresses parking meter rates, fines, parking enforcement in the districts, the formation of new districts, and the allocation of revenues derived from the parking meter system. The policies specifically identifies that meter revenue can be used for improvements such as those contemplated within the Portland mall project. The Portland office of transportation routinely evaluates meter usage patterns and revenue. City garage use, trends, parking rates and private garages and trends in parking space turnover and citation levels. Parking meters were first installed in the 1930's. Rates have increased six times since 1969. The most recent increase was January 1998 when short-term rates were raised to \$1 and long-term rates to 60 cents. At that time a majority of the long-term -- I'm sorry -- the majority of the 60-minute meters were converted to 90 minutes. As Brant outlined for the Portland mall revitalization project, the need for the increase in public parking meter revenues is \$15 million for the mall, \$500,000 for mall management, as well as \$300,000 for enhanced streetcar operations and \$300,000 for lost revenue. How does our parking rates stack up against other cities? We did some survey work, and we found that generally our rates are fairly comparable with rates ranging from 75 cents an hour to \$1.50 with some as high as \$3 an hour. Here in the west coast, Seattle has some \$1.50 rates, as does San Francisco. Los Angeles has some \$2 an hour. And Vancouver, B.C. has rates that range from \$3, \$2, \$1.50 and \$1 an hour. The majority of cities we talked to charge about an \$1 an hour with a number of them contemplating increases at this point. Consistent with the parking meter district policy, the office of transportation undertook a public outreach program to inform key stakeholders and elicit public opinion and comment. Over 25 public meetings were held in the last four months with business groups, neighborhood associations, as well as key individuals. We went out to the public with four options -- long-term rate unification, short-term rate increase, extended hours and Sunday operations. During the course of these presentations and meetings, it became very clear the Sunday operations was very untenable. Retail owners consider free parking -- the perception of free parking on Sunday very important to their customers and would prefer -- stated they would prefer a larger increase in short-term rates. We also discussed extending the hours to 8:00 p.m. There was concern about the effect this would have on restaurant operations, as well as employees who use the onstreet system after 6:00 p.m. When meters are no longer operating. As it relates to long-term parking, there was nearly unanimous support for unifying the rates. In fact, in those neighborhoods where the long-term meters are located, there was a desire to either replace the long-term meters with short-term meters or remove the long-term meters altogether. As a supplemental information to our outreach efforts, we conducted a series of weekday, evening, and weekend occupancy and turnover studies, together with some intercept studies of parking patrons and targeted surveys of key business stakeholders. The specific findings that resulted from that were, one, that support for Sunday operations ranged from limited to none. An increase in the hourly rate to \$1.25 would be acceptable. And extending operational hours to

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7:00 p.m. Monday through Saturday while not favorable, would not result in a significant impact on a customer's decision to use downtown. With respect to raising the short-term rate, we heard that any increase must be tied to tangible and specific transportation improvements. The timing of the implementation needs to be thoroughly discussed and understood. That we need to stick with this rate increase for a period of three to five years, and there's a need for continued sensitivity to the challenges facing downtown. With respect to extended hours, we found that no more than 10% of respondents said that extending hours to 10:00 p.m. would affect their decision to come downtown.

Based on the meetings and surveys, and the need to generate the \$3.2 million annually in additional parking revenue, we developed a final proposal that best met everyone's need. The proposal provides for long and short-term rate unification, an increase in the short-term parking rate to \$1.25 an hour, and extending the hours of operation to 7:00 p.m. Monday through Saturday. Based on the construction schedule for the mall and the pending negotiations for the streetcar operating agreement, the funds would not be needed any sooner than July 1, 2005. Based on this, we prepared this ordinance and recommend its approval.

Katz: Randy, are we basing information regarding Sunday rates on fact or on just history and unwillingness to change?

Miller: It's somewhat a combination. We have done some weekend -- weekend surveys, and we've determined --

Katz: Who did you survey?

Miller: I'm sorry?

Katz: Who did you survey?

Miller: A transportation consultant.

Katz: No, no. No who did you survey?

Miller: A two-part survey. Parking and turnover in the downtown. We spoke to parking patrons and key business stakeholders of the one of the results is that what we're finding is that peak occupancy on Sunday stay pretty steady throughout the day, at well over 85%, which is -- which is a rate at which it appears, for the average person coming downtown, there are no onstreet parking spaces. So the -- the anecdotal evidence is supported by empirical evidence.

Katz: Ok.

Francesconi: How many people did you survey?

Miller: I'm sorry?

Francesconi: How many people are where you surveying? I missed that.

Miller: We did approximately 100 stakeholder surveys and then close to 200 intercept surveys.

Francesconi: Thank you.

Leonard: I have a question. The increased revenue from the meter increases is \$3.2 million?

Miller: Correct.

Katz: A year.

Leonard: A year. And of that, you're going to add another \$300,000 to fund the streetcar operation to reduce the wait time from 14 to 11 minutes?

Miller: That's correct.

Leonard: So 10% of that increase is going to go to the operation of the streetcar?

Miller: Approximately 10%.

Leonard: I'm going to have more questions about that from the appropriate -- I'm assuming in terms of the larger issue of -- of transportation projects, Brent would be better to ask than you maybe.

Miller: I think that's a good idea.

Katz: Ok. So be prepared. There will be more questions.

Miller: Ok, all right. Thank you.

Katz: Anybody else making a formal presentation to us? No. All right. Let's open it up to public testimony.

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Francesconi: Are the c.a.c. members here, brant? Did they want to say anything, from the citizens advisory group?

Williams: Yes. We did have a few people that we did want to come up and testify initially. Steve, did you have a list of names?

Francesconi: I was thinking of the light rail c.a.c. people, if they wanted to say anything. Ok.

Katz: Ok.

Ray Polani, Co-chair, Citizens for Better Transit: Mayor, commissioners, i'm -- for the record, mime ray polani. I speak of cochair of citizens for better transit. On may 1, "the Oregonian" editorialized that the opening of the interstate line, that it was a landmark for ail rail, but that it will be a challenge to make rail as convenient and as speedy as possible for commuters. We agree wholeheartedly, but light rail on the mall will not do it. In fact, it will make it slower than it already is, through the short downtown signalized intersection, and still limited to two-car trains because of Portland's short blocks, prejudicing adding capacity to the two south lines being planned. In addition it will cause the deterioration of the existing bus service. Here will be a regional east/west/north/south rail system, crawling through downtown, unable to entice commuters out of their automobiles at a time when according to the leading article in the june issue of the "national geographic" magazine we're witnessing the end of the -- the beginning of the end of the cheap oil. We here now have a national responsibility to make transit be an unqualified success in getting people to forego their automobiles because it is faster and therefore more convenient for them. This is no time for group think. Listen and act as -- on rational dissent. We cannot fail this overdue resurgence of the alternative to the urban and suburban automobile problem. We urge you to reconsider the mall light rail project and choose other more efficient ways. We still hope and stand ready to help. Thank you.

John Carroll, Chair, Portland Streetcar Inc.: My name is john carroll. Thank you for the opportunity to participate in this discussion. I chair the board of the Portland streetcar inc. I want to share with you that the board unanimously supports the mall renovation and supports the efforts that have been expended to date to get it to this point. On a personal note, it's very important to point out that this mall renovation, it has its technical reasons. It has its people mover reasons, but for Portland it is a huge step forward to demonstrate that what we as a community are going to continue to revitalize our downtown, and we're going to continue to step in to the transportation mode with strength. The other half of that is that, yes, it proves we're trying to continue to grow our downtown, but it also demonstrates, further demonstrates that Portland, Oregon, is a leader, a leader in urban development. I've shared this a couple times with you before. Probably had 35 or 40 communities from around the country visit our office, look out across the pearl district, walk up and down the mall, and say how does Portland do it? How they do it is 30 years of commitment and hard work, as demonstrated by this. The evolving role of the streetcar, want to appreciate the -- the inclusion of the \$300,000 increase in our operating budget. Just let me share with you briefly one of the reasons why we're back asking for this particular point is that the initial alignment, northwest to p.s.u., that occurred, we had an operating budget for that -- for that length of line. Thank you, p.s.u., for going ahead and agreeing to -- to participate in the extension of the alignment, but curiously enough we didn't get one additional dollar to support the operation of the streetcar for almost additional -- for one additional mileage of track. And so what this does, it gives us an opportunity to go back and meet our commitment that we made to the neighborhood association, that we made to the participants, that our headway times would not be 15 minutes. The commitment would be they would be 10 minutes. The importance of that is much longer than -- much longer than 12, 13, or 14 minutes, people are looking over their shoulder and wondering where the darn thing is. 10 minutes, you see the ridership increase materially because they can count on it as a very important, steady, and reliable transportation component. I just want to underscore again that it's not enough just to get the car on the road. It's got -- you've got to operate it. You've got to operate it efficiently and operate it so that people know it's going to be there and

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know it can be included in their system. We're heading down to gibbs. We're headed down to riverplace we're. It's all under construction. The work that ohsu is doing now is incredible. We see a future that is bright for transportation. Combination of light rail, this mall, and our streetcar operations, well balanced. It's very important. Thank you for your support.

Katz: Thank you.

Leonard: Can I ask john a question, because from what you just said, I may have misunderstood this earlier proposal, so i'm hoping that I did. Is this \$300,000 we are talking about the same \$300,000 we've been discussing since we have been planning to extend the streetcar? It's not the -- the \$600,000 currently -- the \$300,000 we discussed before, plus another \$300,000?

Michael Powell, Vice Chair, Portland Streetcar Inc.: Too many \$300,000 floating around.

Leonard: Let me explain to you why I said that. We had a briefing earlier this year, where it was explained to us that we contribute \$600,000 currently to subsidize the operation of the streetcar. With the extension that --

Carroll: And you got \$199,926 back this last board meeting. Being facetious. I'm sorry. Go ahead.

Leonard: So we voted to extend the streetcar from p.s.u. down to the macadam project, and we were told that would require another \$300,000 to operate that. Is this \$300,000 that \$300,000 or in addition to those --

Powell: If we operate under current budget, we maintain roughly a 14-minute headway down to riverplace, on to gibbs under current funding. The original intent of the streetcar, and what we're trying to fall back to was, the original streetcar was to have a 10-minute headway before we extended it down to p.s.u. we lost that at ten minutes to 14. Everybody comes to us and says if we had that 10 minutes back we would see a significant increase in ridership. We've been working to try and find a way to get back to that 10-minute headway. The \$300,000 wouldn't get us there, but considerably closer. This is an additional -- this is not for any of the expansion of the system, which has been happening in fairly graphic chunks. First to riverplace now to gibbs. The funding that has been identified to date is just to maintain current service level. [unintelligible]

Leonard: I was hoping it was the other \$300,000 -- I was hoping it was the same \$300,000, that maybe i'd misunderstood so I could support this, but i'm having a hard time with this additional \$300,000.

Carroll: It's very important to remember, that when we did extend the line to p.s.u. that there were no additional operating dollars thrown into the formula. And so you must have been happy then to find out that we got all this additional length of service, and it didn't cost us a nickel, but it did degrade the service. What we're trying to do is bring the service back up to a level where we can increase the ridership.

Leonard: John, I've been consistently unhappy, so that really makes it easy for me.

Carroll: We're clear about that.

Leonard: I'm not inconsistent.

Carroll: No. We're clear about that. [laughter]

Francesconi: On the issue of the b.i.d., I don't know if this is for you or randy or for brant, maybe for brant but was there any understanding or commitments made to people on the b.i.d. Side, that there would be increased headways that there would be increased services on the streetcar in exchange for agreeing to the b.i.d.?

Powell: On whose part?

Francesconi: Some of the property owners.

Powell: I'm michael powell, vice chair of the street car and also with the pearl district business association. The Pearl district though having some skepticism, within the approximate area of the transit mall, agreed to endorse the l.i.d --

Francesconi: I'm sorry l.i.d.

Powell: L.I.D., if you're asking that kind of question, that is very much in their mind.

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Francesconi: That's what i'm asking.

Carroll: Maybe I could continue just briefly on my -- yes?

Williams: I'd just like to clarify one point, that we're not selling the l.i.d. contingent on the fact that there will be the additional service for streetcar. The city and doug, we're not going out saying to sign a petitions because we both have all these provisions that will be provided through the -- through the increased meter revenues, including the enhanced streetcar service.

Leonard: So what is the basis for the increase that --

Williams: Basically what john carroll has spoken to.

Leonard: What he said is they voted to support it. I'm asking what the basis is for it.

Williams: The basis?

Leonard: For increasing the amount of money by \$300,000 to reduce the deadhead time from 14 to 11 minutes. I mean, if it isn't because we've promised it to somebody and we'll get into -- I want to ask you about your list of priorities for maintenance in the -- in the city -- the infrastructure, but if it isn't that we promised it to somebody, why would we actually increase funding at a time when we have outstanding maintenance needs?

Carroll: Commissioner, if I might address that just briefly, the commitment to the increased service wasn't something we did in the last three or four months. The commitment to the level of service was part of the very, very original underwriting of the system going back eight to 10 years, taking it to the neighborhood associations, taking it to the businesses and committing them to a level of service. Subsequent to that, the l.i.d. that was formed for the financing a portion of the hard cost of the streetcar, an agreement was put together with tri-met, thank you very much, for the funding of the operations based on what cost they might have -- or would have had to incur if they were going to provide bus service on the same basis to that -- to that same neighborhood. So we're not talking about making a new commitment. We're talking about going -- going back and fulfilling our obligations to the people that originally participated in the l.i.d. And that was to get headways to 10 minutes. We then increased the alignment to p.s.u., did not receive any additional funding. The trip times then degraded, and our headways degraded, and now we're going back and fulfilling our obligation. So it is not a new exercise.

Leonard: What is --

Powell: Let me follow up on that. As a member of the transportation committee, the Portland business alliance, i've tracked this virtually from day one, and planned on tri-met's behalf for this light rail segment. And very early in the conversation there was conversation about enhanced funding for operations, streetcar. This is not something new to this conversation. It's certainly been part of the conversation for the better -- more than a year, I believe.

Leonard: It's the first i've heard of it.

Powell: I don't know how things get in stone or don't get in stone, but in terms of the conversation that we've had, this has always been on the list. Along with a variety of other enhancements to the mall, and we did take this out to our neighborhood association, who were not initially receptive to the l.i.d., but I said, ok, the pot sweetener here is you're going to get better service on your streetcar. They said, on the basis of that, we could conditionally endorse.

Leonard: This is the current l.i.d. we're discussing?

Powell: Yes. Remember up in our neighborhood, we only recently lived through a streetcar l.i.d., an now we're being asked to live through a light rail l.i.d., and that's a bitter pill for some --

Leonard: I'm hearing two things. I'm hearing that was part of what you're saying to sell this. I'm hearing john say that's not necessarily true.

Powell: You know, john is chair of the streetcar committee and has not been part of -- it's not been his responsibility, i'm sure he's quite relieved to know, to enhance and further the l.i.d. nor has it been mine, but as a board member of the pearl district business association, we interested ourselves when we discovered we were in the l.i.d. they said part of the proposal brought to you will enhance service to the streetcar. We said on the basis of that we will support the l.i.d.

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Leonard: And I guess I have a couple questions. My question is, John, you said that earlier there was some commitment before this current I.i.d. discussion to have streetcar intervals at 10 minutes. What was the form of that commitment?

Carroll: That's correct. That was in the -- again, this goes back starting 12 or 13 short years ago when I got involved in -- in the citizens advisory committee talking about the streetcar, and talking about levels of service, and in the -- if you will, the underwriting document, the basis for the decision to move forward with the streetcar, and the conversation with the neighborhood associations, and looking for their support for the I.i.d.'s, the basis was 10-minute headways.

Leonard: That's written into the document?

Powell: That's in the I.i.d. document.

Carroll: That's written in the I.i.d. document.

Leonard: And --

Carroll: And we've not achieved that, and further degraded it with the extension to p.s.u.

Leonard: So if we have other projects that are claimed, bike lane projects, repaving 23rd, all of those must wait till we fulfill that commitment?

Carroll: I can't answer that.

Leonard: How is that not happening?

Carroll: That's a conversation, you'd have to get me up to speed on prioritization of your funds.

Leonard: I'm attempting to get there today.

Carroll: Well, ok. I'm not familiar with your process. I'd love to sit and talk with you about that, but --

Leonard: My point is these dollars that were raised, the \$3.2 million, by increasing the meter rates, go to the fund, to maintain the existing infrastructure to create bike lanes, and my question, of course, will lead to that, is how did this issue of improving service rise to the top over all the other infrastructure needs?

Carroll: It goes back to you fulfilling your obligation to provide the headways that were laid out and underwritten in the I.i.d.

Francesconi: Commissioner Leonard, my suggestion is you direct that to Brant and to me, which we can do afterwards, but let's move on with the testimony right now.

Leonard: Ok.

Katz: How many people have signed up?

Moore: We have 11.

Katz: Michael, did you finish?

Powell: Yes. [laughter] I never got to say, hi, mayor.

Katz: Hello. You want to finish?

Powell: Just take an additional moment. It all came out in bits and pieces. But just to put it back into one whole piece, we've always thought -- we've always had the commitment to our -- to our residents and our communities, and those of us on the board of the streetcar to honor that commitment, to establish 10-minute headways. That was what promised to the community. On the basis of that promise people signed up. For a variety of good reasons, that is degraded, and we'd like to get back to that original promise. Can't speak to other priorities of the city, because I only work in this pool of activity. All I can do is lay it before you as a commitment we made and a commitment that was reinforced in the negotiating process in bringing forward this proposal to you today. You of course are free to alter it. Great deal of reluctance to go back and report to the Pearl District Board that the improved headways were not there. That would be unfortunate. I have no idea how that would impact the future of the I.i.d. We're only a small part. Only about 60 square blocks. So it is of considerable importance to us. We hope this is adequate and reasonable response to the need. Only you can say whether that's true or not.

Katz: Thank you. All right, Karla.

Moore: We have eight more people.

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Katz: Steve, go ahead.

Steve Stadum, Chief Administrator, OHSU; Board, Portland Streetcar: Good afternoon. My name is Steve Stadum, chief administrative officer for OHSU. I'm also on the board of the Portland Streetcar, so I'm speaking to you with both hats, but primarily my OHSU hat. Although we're not in the district, we're one of the leading employers in Portland. What you all may not know is we're a major tenant of downtown buildings. So we do have a stake in this. I just wanted to briefly testify in favor of the mall revitalization project and the funding for the Streetcar operations, which I view and OHSU views as part of an integrated system, part of what we're trying to create in the South Waterfront and connect to the whole downtown area. So I just want to say on behalf of OHSU we're in favor of the project overall, and specifically a portion of that, including the Streetcar operating funding. Thank you.

Katz: Steve.

Christ Smith, Streetcar Citizens Advisory Committee: Chris Smith, 2343 Northwest Pettygrove. I'm here today in my capacity as chair of the Citizens Advisory Committee for Portland Streetcar. There are a number of Citizens Advisory Committee members in the audience today. I just appreciate it if they would briefly identify themselves. Just wave a hand. Thank you all for coming today. First of all, today is an exciting day for all of us real advocates. We're extending the rail network, and we have to remember that it really is a network and that all these systems feed together and advances in light rail are good for Streetcar and vice versa. I want to speak to the headway issue that John has addressed and others have talked about. It was very much part of the process of selling the Streetcar concept to the neighborhoods that we were going to achieve 10-minute headways which really becomes a qualitative difference in the level of service that you provide than less frequencies. And still very much the goal of the neighborhoods to get to that level. We started at 15 minutes. We actually used technology in the form of the next bus system to get headways down to 14 minutes. Today we have an opportunity to get that down under 12, so we'll be within a minute and change of getting to the ultimate goal. And that's a very important value for our Citizens Advisory Committee. I also want to talk about what I think the benefit of moving from 14 to 11 today is. My friend, Stan Lewis, who's on the C.A.C., has described Streetcars as creating what he calls a linear neighborhood. If you think about what a neighborhood's about, it's about things that are close to each other. What Streetcar does, is it's a ribbon that ties through our central city and creates proximity through transit in a visible because of the rails in the street. While I live in Northwest Portland, I now consider Powell's to be part of my linear neighborhood because I can access it so easily. The same with the cinemas at Fox Tower, or Jake's at the Governor Hotel, even City Club events at the Governor Hotel. Those are all part of my linear neighborhood, because of Streetcar. And when we lower the headway from 14 minutes to a little bit over 11 minutes, those all just got closer for me. So my neighborhood becomes tighter and more cohesive and everybody along the alignment benefits. Commissioner Leonard, to your question of priorities, I have the opportunity to sit on TPAC a regional prioritization forum, and there's no question there are a huge long list of transportation priorities in our region and our city. I'm very sympathetic to that. But I think it's important to recognize that there is a nexus between Streetcar and light rail serving our downtown and the parking that occurs in our downtown. The two are very much linked. They're all expressions of the level of activity and vitality in our downtown, and they feed each other. And I think it's very much appropriate to look at using parking revenues to help meet the goals of Streetcar.

Katz: Thank you.

Karen Mainzer: Mayor Katz, members of the council, for the record my name is Karen Mainzer, representing the Oregon Restaurant Association. The Oregon Restaurant Association does not oppose this proposal. We also wanted to state for the record that we appreciate and commend the transportation department's willingness to work with the business community on this issue. In particular, Mr. Williams and Mr. Miller sought our comments and other local business groups. They

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met with our staff and our members. And they listened and understood our concerns about the extension into evening hours and into sundays. By 6:00 most of the non-retail and many of the retail businesses are already closed. In contrast, this is our industry's busiest time. It's our members' customers that bear the brunt of this burden. While this proposal still does extend evening hours, we believe that the department dealt with us in good faith and came to a fair compromise. Thank you for the opportunity to testify.

Katz: They're compromised 6:00 to 7:00?

Mainzer: Yes, one hour.

Sten: That doesn't mean you don't support it, you -- you support it, you just don't oppose it?

Katz: They come in to eat at 6:00, put in their money, and stay after 7:00. There's no reason for you to oppose it.

Katz: Art, go ahead.

Art Lewellan: Ok. I prefer to -- some notes. Arriving here this morning, they've become a set of chicken scratchings, so i'm going to just try to make my points --

Katz: Why don't you identify yourself.

Lewellan: -- rambling through it. I for a long time was speaking out against transit mall on the -- backs on the transit -- facts on the transit mall, and have -- to the best way I could figure out the justification for doing it for years, I was as opposed to it, and have, for the same reasons, the same analysis changed that position to be in support of. So I don't want to make a long explanation out of that, but I am supporting light rail on the transit mall. I don't agree that allowing traffic to go through is a good idea, particularly at the intersection of sixth and yamhill. That's the worst of the intersections that -- whether you're removing the curb extension, that's one to allow traffic to go through, and i'm afraid traffic will bottleneck up there to the point you won't be able to handle getting traffic through. I also disagree with the idea of putting parking spaces on the mall. You know, little cuts. And the hilton cut, in front of the hilton main entry there, as a pedestrian, you're walking through, you hit that little cut at the hilton there, and i'm not sure what's going on. So I would try to minimize any of that kind of idea of putting in parking spaces there. As the max extends south, it defend the gondola going up to ohsu, the idea of running a gondola from down at macadam up to ohsu. I'm in favor of that, the gondola, but I also do think that having a central station in the middle, so that there were three stations on the gondola, between the districts, was more than double the ridership, I felt, and would allow for the rebuilding of the spaghetti ramps at ross island bridge, that would have been something for the neighborhood, and instead of following gibbs, it followed grover, one block north, that would have been a good idea, but it matches the transportation connection for the gondola, I would say it does make it indefensible, but I would put in one central station at grover instead of gibbs. And that's on the mall. And also influences a baseball stadium at the post office site, which I think is the best site yet. I have to finish up, right? That was my signal.

Katz: That was your signal. You'll have -- you'll have opportunities to testify on what you just testified when we get into the design issue. Let me give you one more minute if you want to talk about the financing, which is what this is really all about. Ok.

Lewellan: I think i'm fine, then.

Katz: We'll see you again.

Lewellan: Ok.

Dave Hamilton: Mayor, commissioners, my name is dave hamilton. Vice president of the commercial property management for norris and stevens. I'm here this afternoon representing 10 historic buildings in downtown Portland in all three zones of the l.i.d. The owners that I represent have all been -- we've spoken to all of them. They're all quite concerned with the structure on the financing for historic buildings. The city has encouraged through the historic building program an incentivize to maintain and keep up historic buildings, but with this finance project for the l.i.d., those historic buildings are not being considered, and we believe it causes some hardship for those

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buildings, or those owners believe it causes them hardship. They would like to see if the council, tri-met, can come up with a funding program that recognizes the historic buildings and what they mean and bring to Portland. We have a unique fortune of having a good number of historic buildings, which a lot of cities don't have. So we would encourage you to take a look at what can be done to incentivize those buildings to be coming into the -- coming in and supporting the program. I think at this point I am not sure -- I can pretty much say they do not support the financing program. If we can bring in a program that would reduce that rate, i'm sure that we could bring all 10 of those to the program. One other issue that i'd like to bring up is -- is in regards to tax exempt status. All of the buildings that are -- that we represent in the downtown Portland area are - - or I would say 90% have one form or another, tax exempt tenants. This program does not allow any deduction for tax exempt tenants that are in the -- in the building. The tenant gets that benefit, but it doesn't -- but the buildings are being required to pay the -- pay the full fee. So I would recommend also that we take a look at buildings with tax exempt status -- or tax exempt status be given consideration for that percentage that is tax exempt. Thank you.

John Charles: Thank you. My name is John Charles, Cascade Policy Institute. About an hour ago Commissioner Leonard owned that everybody wants the benefits of rail without having to pay for them. My concern is here that you're leaving a lot of money on the table somewhere else, and that is that all the people who park in tri-met's park-and-rides and pay zero for a very expensive privilege. You're looking at about 6400 onstreet parking spaces in your jurisdiction that you're going to raise the rates potentially 25%. Tri-met has 7,438 park-and-ride spaces dedicated exclusively to L.R.T. users, and going to add another 2,085 alone in the I-205 project. And those people are going to pay nothing for up to 24 hours a day parking. Trimet's own customer surveys show L.R.T. passengers tend to have higher incomes than bus passengers. It seems to be that it would be a progressive way to raise money to begin to ask L.R.T. customers at park-and-rides begin to pay something towards this very expensive transit investment they're going to get. Depending on your assumptions about occupancy rates at park-and-rides, an all-day fee, as little as \$2 a day could generate at least \$3.5 million, maybe \$6.5 million annually in revenue. It seems to me before you put money on the table, you want to take from people who by definition are not tri-met customers, at least not in the time they're paying for parking in the city of Portland. This is not an uncommon thing. P.C.C., at least at their Sylvania campus, they charge \$2 a day. My guess is the available income of their college students daily is probably less than the people who use park-and-rides. So also, of course, another utilities that you operate, the very expensive C.S.O. Project, a billion dollars, is my understanding is going to be financed primarily, if not entirely, by ratepayers. And you're imposing pain on people, but doing it for a logical reason. Those who use that facility or service should pay the primary cost in maintaining it. I would just conclude by saying before you approve this, I think you ought to have a conversation with tri-met as to why people are using the I-205 light rail project are not being asked to pay a penny for their free parking. Thank you.

Tom Shimota: Good thought. Hi, I'm Tom Shimota, I'm a 1211 SW 5th Ave representing the Pacific West Center. First of all I want to thank all of you for allowing me the opportunity to testify today. I would like to extend some appreciation to Doug and tri-met and Metro first of all in an unrelated issue. And that is regarding the design of the project. I think they put a great deal of effort into the design of the project and made a genuine attempt to try and appease everybody's interests. And frankly I think they spent more time—an inordinate amount of time on the design and less than they probably should have on the lid and the formation of the financing package. Regarding the lid, I guess I don't believe the 45% success ratio that Mr. Oblatz stated earlier was solely the result of a lack of time. I think if you back out the 30% of that or approximately 30% of that L.I.D. contribution based on Portland State's contribution, you are down to about 15% of the total L.I.D. that was in favor of the funding mechanism. I think it's extremely inequitable. I think after you back out the municipalities you back out the condominiums, you back out the nonprofits or you lower their assessment, it leaves an inordinate and pretty heavy expense on the for-profit businesses that are

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within the l.i.d. When you couple that with the weighting in the model and placing an inordinate burden on the people that are on the transit mall, you create an unlevel playing field in the downtown c.b.d. The people that are on the transit mall especially are not only going to pay a higher premium for being on the mall, we are also going to pay increased operating expenses as it relates to security, maintenance, cleaning, et cetera, and all of a sudden we are talking about a 25 cent or 40 cent per square foot difference between our buildings and our competitors in the c.b.d. And I am not here to cry about that. I will move on. I would make a couple of recommendations as we move forward. One is that there's some open ended items in here, particularly the cost of any extra work on private property shall be borne by the property owner. Is a pretty big open-ended agreement to be signing. Secondly, the l.i.d., the way it is petitioned now, is based on real market value. Everything in this county is tied to assessed value, and in why we are attaching this assessment based on real market value is curious to me. We're, with the assessed value, excuse me, we are, we have a 3% cap on what that assessed value can increase by annually. When we go to real market value, real market value is basically an arbitrary number and it creates, again, an open-ended contract that we are signing right now.

Shimota: Thank you.

Katz: Your time's up.

Shimota: Can I have one last point?

Katz: No.

Shimota: Ok. Thank you. For your time.

Katz: Quickly.

Shimota: I was going to say with regard to the except of the condominiums, we talked with the perception or we don't want to create a disincentive for residing in the c.b.d. and even though it's not a big dollar amount I encourage you to rethink that because I think it creates a perception we want to create a disincentive to have businesses reside in the c.b.d.

Francesconi: Your statement transportation should have spent as much time on the l.i.d. As it did on working with you was a little bit of a problem for me. So I want to detail just a little bit of how much time was spent with you trying to accommodate your interests and then to have you come here and make a statement like that. So you wanted the issue of removing the center island on southwest madison, and add parking and loading zones. So the project accommodated your desires to do that. Then you wanted to provide metered spaces on the west side of southwest sixth avenue. So the project agreed to redesign the cross section of sixth avenue, provide parking and loading on the west side. Different than all the other blocks. Then you wanted to modify transit service on jefferson street to minimize the impacts on pacwest center. So they agreed to not locate a bus stop in the pacwest block on southwest jefferson. Then you wanted to place a tri-met electrical vault in a mutually agreeable location. So they agreed that this would be subject between pacwest and tri-met. And then you come in here and make a statement like that.

Shimota: As I stated to you, mr. Oblatz at the beginning of this project, there's two things, pacwest center is hugely affected by this project.

Francesconi: You are going to benefit from it.

Shimota: Questionable. Ok. We said there's some site-specific criteria and mr. Oblatz and tri-met have gone through great lengths to what we think create some mutually beneficial resolutions to those, to those situations. Ok. Parking on the west side of sixth was something that university club wanted just as much as we did, and frankly, I think it's going to be a cheaper solution, it's going to benefit a lot of people in this two-block radius.

Katz: I think you missed the point. The point was a lot of time was spent trying to accommodate the issues that you have raised.

Shimota: And I know that. But the other part of the coin was the l.i.d. and the l.i.d. was not reassessed.

Katz: Thank you. Let's continue.

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Moore: We have one who wants to talk to parking meters. You want to take them now or later?

Katz: Now. Anybody else? Want to testify on the four items before us?

Richard Koenig: Richard Koenig, southeast Portland, buckman neighborhood. I am interested in the funding mechanism that Mr. Francesconi is putting forward, 936, I believe. I want to thank commissioner Francesconi and his staff for helping me come to grips on this issue. I am all for regulating motor vehicles and keeping the roads safe for the public's preferred use. I am opposed to causing or perpetuating confusion over who a motor vehicle operator is and stealing money from the public because they no longer know that the supreme court ruled in the matter of Cowles versus Knapp that the city of Portland does not have the power to regulate the public or their automobiles. Your worthy associate here from the city attorney's office has agreed to help us come to the difference between vehicles used by the public and those that are used by the motor vehicle operators. Although she doesn't have the reference works I have. You know the courthouse law library down there, right? Anyway, I think it's fine to raise the rates on parking meters as long as everybody knows who those parking meters are for. They're for the motor vehicle operators but they never have been historically, never have been for the public and their vehicles and I would urge everybody out there in televisionland to call up commissioner Francesconi because he's a very helpful commissioner, and he will help you make an informed -- he will help you become informed as to whether you are a member of the public -- right? Using your vehicle as a matter of right on the streets of Portland, or whether you are a motor vehicle operator who has to plug parking meters. And he can get his help, if need be, from his worthy assistant here, the city attorney. Thank you, jim.

Katz: Thank you.

Francesconi: So what you said -- but --

Koenig: The public uses the highway by right and the streets of Portland and their vehicles and motor vehicle operators are regulated and their motor vehicle v. to pay parking meters. That's the way it's always been. Never been different.

Katz: Ok. There are a couple of policy questions that both commissioner Francesconi and you, grant, raised in terms of who's to be included and who's not to be included. So I would like to ask the council if they would like to have that discussion right now, how they would like to proceed.

Williams: Actually, it would be great if the council did have that discussion to give us some direction since we're, I guess, planning not to vote today on the I.I.D. resolution, come back next Wednesday and we would like to bring something back to you that would work for the council.

Katz: I am missing one commissioner so I would like to get him back so he can participate in the conversation.

Williams: And so we can talk about park, meters also.

Francesconi: Let's do that one last. Let's first get through everything else.

*******:** Right.

Katz: So I assume from the values of this council where we have been in the past that low-income housing is to be excluded. Am I correct?

Sten: I am all for that.

Katz: I know.

Francesconi: Yes.

Katz: Commissioner?

Francesconi: Yes.

Katz: Low-income housing to be excluded?

Leonard: I'm for that.

Katz: I figured as much. Next issue --

Francesconi: But also do some study on this condominium issue.

Leonard: Whoa. I'm not for that.

Katz: That's the next issue. Let's talk about the condominium owners.

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Williams: We not only have to talk about condominiums but also fair market rental. Buildings or units.

Katz: Right, and those two would go hand in hand.

Williams: They could. They could be separated out also because condos, again, is not a -- it's an owner, not a business or for profit effort.

Leonard: But, I mean, everything that i've come to learn is, anybody that is within the area of being served by light rail or the streetcar by that matter benefits. Economically and in terms of having multilevel choices for transportation.

Obletz: I think one of the things we want to do for the council over the next week is to take a look at this issue of benefit and take a look at the pressings of the previous l.i.d.'s and give the council more perspective on why housing has been exempted in the past and what the some of the code-based reasons are for either including or not including that and really goes back to the benefit that the l.i.d. is supposed to provide to the property within the district and I think if we had a couple more days to take a look at that we could give allot more specifics.

Katz: Remember, when we exempted the condos, we didn't have many. So a lot of them -- the argument was, and I think I raised it about an hour ago, the argument was you don't want to discourage that. Well, now, for the most part, it's basically done.

Williams: Basically, our policy at the time was effective and we have quite a bit of owner-occupied housing in downtown.

Obletz: The counter balance is that all of the l.i.d.'s to date have exempted the ownership housing and there are a lot of l.i.d.'s that will be contemplated in the future by the council and I think there's an issue of precedent as well and we want to have some time to address that and talk to the city attorney about that as well.

Katz: Remember the button? This is the way we've always done it?

Francesconi: But we should be doing it for all of the future projects. Not piecemeal.

Katz: When we analyze and make a decision on the policy, it's got to be with the understanding that it's got to go across the board for all of our l.i.d.'s. That would be my assumption.

Leonard: I agree.

Francesconi: Let's do that analyzing historic buildings, too, so if you could get back to us on that one, too, that one seems a little more complicated because there's no limit on the profit side.

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

Katz: Now, this gentleman mentioned nonprofits. I am assuming he's including the community of faith.

Francesconi: Right.

Katz: Ok. We can make arguments whether or not they are profits or nonprofits but I am assuming that was what was included. He exempt now?

*******:** They are not.

Katz: They are not. Ok. Is that an issue that anybody here wants to tackle? [chuckling] commissioner leonard and I went through those wars. Ok. So I think what I hear, unless somebody else on the council raises the issue, is the historic property and it's condominium ownership and tied to that is market rate rentals. Did I read that correctly?

Leonard: Are you trying to list all the concerns here?

Katz: The issues they need to come back to us that have concerns. If anybody else has any concerns within those categories, now is the time to speak up.

Leonard: I have no more issues within those categories.

Katz: Ok.

Leonard: I have other issues.

Katz: Ok. All right.

Williams: There's also the issue, fred just mentioned to me, of nonowner occupied rental so you have condos that are rented. I'm not sure how we --

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Francesconi: Are they in or out?

Obletz: A condo is a condo. We don't care if they're rented.

Francesconi: That's something to look at prospectively.

Leonard: What do you mean, prospectively?

Francesconi: You need to look at it. It's probably better to do it prospectively. If it can be done now without slowing down the process, you have to tell us next week so they are going to give us a report on this next week.

Katz: The other thing I want to flag to you before we get to the parking meters and commissioner Leonard's issue is that, same issue we had this morning if you are going to make some major changes in the l.i.d., you have to renotify everybody. Just flag that.

Williams: Right.

Katz: Ok.

Williams: And approval of the intent to form the l.i.d. Just actually starts the formal process. So if we can make the decision by next Wednesday, no matter how significant the changes are, that actually starts the formal process at that point.

Katz: Ok. Parking meters.

Leonard: Well, I was prepared before I actually became aware on the most recent issue of the streetcar and the additional \$300,000 to be able to justify and explain to anybody that asked why we are supporting increasing the meter rates to fund extension of light rail.

Williams: Right.

Leonard: From my time to Salem to now I have been a consistent supporter of light rail. I can not support a 10% increase in the parking meter rate to improve service of the streetcar.

Williams: Ok. Couple points. I know some of your concerns, commissioner, have to do with the money is discretionary money that can be spent in other areas of the city, can go towards maintenance, and fulfill some of our deficiencies that we have for many of our transportation services throughout the community.

Leonard: Let me just -- I don't want to be too -- notice I didn't raise that as the concern here. I raised the concern of increasing the rates 10% more than what they need to be raised to fund the light rail extension to improve service on the streetcar. So I am intentionally kind of not even trying to get into that whole area but rather deal with what would end up being amongst the highest rates as I understand of parking rates for like-size cities, at least on the west coast, to improve service for the streetcar. I am just having a real problem with that.

Williams: Just to clarify, the 10% is 10% of the increase. It's not 10% of the parking rates.

Leonard: The increase. The increase is 3.2 million? \$300,000 of which --

Williams: That's correct.

Leonard: Would fund the -- I want to keep stressing improved not current service level but improving service.

Williams: Correct.

Leonard: As you know I have raised concerns about the existing \$600,000 and have swallowed hard, taken a deep breath and voted to support that in your budget. Nobody's come to talk to my first awareness of this is reading my briefing packet and nobody not withstanding those concerns I have raised has thought it important to come talk to me about this. I would have said the same thing I'm saying to you now, but I'm not quite sure why this is put in this package along with light rail but it would cause me not to be able to support this package if it's included in there.

Williams: Ok. The rationale for improving it is that we are looking at overall transit service in the downtown. And as some of the testimony that you heard is that there's quite a bit of support for increased streetcar service downtown. And there is --

Leonard: Use the streetcar and I -- I would support it as well.

Williams: There is a nexus between parking rates downtown and the cost of parking downtown and transit.

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Katz: Commissioner Leonard will have an opportunity to make a motion at the right time.

Leonard: Ok.

Katz: If you want to go visit with him and try to convince him, it would be a hard sell.

Williams: We visited before.

Katz: But he will have an opportunity and we will see what the day holds.

Williams: Real quickly, too, I want to mention that we do have a parking meter policy that was adopted by council a few years back that does make the nexus between parking meter revenues in downtown and services provided downtown, including enhanced transit services.

Leonard: And I appreciated that and just because that comes up all the time, I mean I hear that all the time before well before you got here, here's what we decided and I want to make it clear I don't think it's fair to bind a future council by the actions of a prior council. And that I have maybe a different view of some of the decisions that were made.

Katz: Right. Any other parking meter issues?

Sten: Yes. This is not a question. It's a request. I would appreciate it, there's two rationales I heard for putting the \$300,000 into the streetcar. One, it's a former commitment, and I think that has some weight with me. I was around when we did that. It's not 100% compelling to me because we've made a lot of commitments that aren't binding and when structures change and taxes change, sometimes we don't meet those and so to me that's good but not enough. The other I heard which would be that moving to 11 minutes will increase the ridership. I would like to see before next week a projection on how much it will increase ridership but projection and then I would like to propose some kind of agreement between us and the streetcar that if ridership does not go up, and we do this, that we take the \$300,000 back and put it into something else.

Katz: There may be objections.

Sten: If it really is going to increase ridership, it's a good investment but if not, then, it falls down a bit. Some kind of performance standard. In a reasonable amount of time to see really does this do what we think it's going to do? Because that might --

Leonard: Commissioner Sten, just so I understand better, does that at all include possibly being supportive of reducing the increase of the parking meter rates?

Sten: I'm more inclined to try putting the money into the streetcar. I just wanted it to have the results that we say it's going to have. But I'm still thinking about the whole subject.

Katz: So the council, if the council likes that notion, then the next question would be the one that commissioner Leonard just, would you lower the parking meter and or could you keep and it use it for potholes?

Williams: That would be a question for council.

Sten: That's two and a half cents of the.

Leonard: Correct.

Sten: So it's -- I think refunding the two and a half cents is probably not going to be huge to people.

Leonard: It would be extremely persuasive to me to find some other project on the list.

Katz: Ok. All right.

Leonard: You said that before next week, I just would like to flag because I assume you don't want to do it today, I would like to see these two issues separated, the light rail funding in a separate, so we are considering it separately from the light rail and the streetcar.

Katz: Let me figure out procedurally how we can do it. The parking meter -- let me figure out how we can do that. You can make a motion on that.

Leonard: Ok.

Katz: And we will see where it is.

Williams: Just real quick to respond to commissioner Sten's comment about commitments, I agree with that. We have a number of commitments out there that whenever we take on a street to maintain it, whether it's a local residential street or an arterial, we have a committed, as the city, to

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take care of that street, as stewards of the streets and the right of ways and we are not fulfilling those commitments also at this time. So we do have a broad set of commitments and through our discretionary decisions we make through the budget process we determine how we are going to allocate out the funds and fulfill the highest priority commitments that we have.

Katz: So ok. So commissioner Leonard, rather than rewriting the ordinance, you can make a motion on eliminating that piece that will provide the revenues for the streetcar.

Leonard: Well, I would rather explore what commissioner Sten is raising and I would rather send out a signal rather than having us try to craft what it would read like next week, is that if the staff could prepare it for us so that we have two documents to look at and have a reasonable discussion without sitting here --

Katz: I'm just trying to deal with --

Francesconi: We are talking about two different things. Some performance measurements is something we ought to do to put on it. Idea then of separating it out, you are asking something else so I think we should come back with something that's punishment performance measurements. That makes sense. You are asking for something else.

Katz: I was trying to deal with the procedural issues that we can deal with without separating it, especially if the council is supportive of commissioner Sten's notion, which I think is not a bad idea.

All right. Anything else? If not, everybody, we will bring these back next week. We may have to extend it. I am worried about timing but we may have to extend it another week. Certainly if there's amendments we are going to have to. But you may need additional time.

Williams: If we extend it one more week, to I believe what would that be the 18th? We should still be real close.

Katz: You have to come back with probably some amendments.

Williams: Ideally, those amendments could be approved next week. Yes.

Katz: And then we would vote on the package the following week.

Williams: That's correct, yes.

Katz: Unless everybody is willing to put an emergency ordinance on the measure.

Leonard: Under certain conditions.

Katz: Excuse me?

Leonard: Nothing.

Katz: All right. We stand adjourned.

At 4:05 p.m., Council adjourned.