



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **25TH DAY OF AUGUST, 2004** AT 9:30 A.M.

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

Commissioner Leonard left at 11:16 a.m. and returned at 11:18 a.m., missing the roll call on Item 1028.

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

Item 1019 was pulled for discussion and, on a Y-5 roll call, the balance of Consent Agenda was adopted.

COMMUNICATIONS	Disposition:
1004 Request of Charles E. Long to address Council regarding brainstorming for Portland's future (Communication)	PLACED ON FILE
1005 Request of Dr. Michael David Krupp to address Council regarding homeland security, campaign funds and thank the Mayor (Communication)	PLACED ON FILE
1006 Request of Freedom Child to address Council regarding police abuse, misconduct, unfairness of Independent Police Review process and bias of Capt. Schenck (Communication)	PLACED ON FILE
1007 Request of Chris Andon to address Council regarding Portland Fire and Rescue guaranteed response time for the Forest Heights area (Communication)	PLACED ON FILE
1008 Request of Dave Nadal to address Council regarding acquisition of PGE and thank the Mayor (Communication)	PLACED ON FILE
TIME CERTAINS	

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<p>1009 TIME CERTAIN: 9:30 AM – Adopt Portland Bureau of Fire, Rescue and Emergency Services Standard of Emergency Response Coverage (Resolution introduced by Commissioner Sten)</p> <p>Motion to adopt the report: Moved by Commissioner Leonard and seconded by Commissioner Francesconi and gavelled down by Mayor Katz.</p> <p>(Y-5)</p>	<p>36247</p>
<p>1010 TIME CERTAIN: 10:00 AM – Accept the Economic Development Report to Council by the Portland Development Commission (Report introduced by Mayor Katz)</p> <p>Motion to accept the report: Moved by Commissioner Francesconi and seconded by Commissioner Leonard.</p> <p>(Y-5)</p>	<p>ACCEPTED</p>
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Vera Katz</p>	
<p>*1011 Contract with the State of Oregon, Department of Administrative Services, Publishing and Distribution for quick copy work (Ordinance)</p> <p>(Y-5)</p>	<p>178690</p>
<p>*1012 Authorize application to the U.S. Department of Housing and Urban Development for a grant in the amount of \$397,640 for South Waterfront land acquisition for affordable housing in the North Macadam Urban Renewal Area (Ordinance)</p> <p>(Y-5)</p>	<p>178691</p>
<p>*1013 Authorize application to the U.S. Department of Housing and Urban Development for a grant in the amount of \$795,280 for South Waterfront Project Infrastructure in the North Macadam Urban Renewal Area (Ordinance)</p> <p>(Y-5)</p>	<p>178692</p>
<p>*1014 Approve special assignment pay for a Bureau of Environmental Services non-represented employee (Ordinance)</p> <p>(Y-5)</p>	<p>178693</p>
<p>*1015 Approve an Intergovernmental Agreement with Multnomah County for the distribution of equipment, supplies and services procured as a result of Urban Area Security Initiative Grant awards (Ordinance)</p> <p>(Y-5)</p>	<p>178694</p>
<p>*1016 Approve an Intergovernmental Agreement with Clackamas County for the distribution of equipment, supplies and services procured as result of Urban Area Security Initiative Grant awards (Ordinance)</p> <p>(Y-5)</p>	<p>178695</p>
<p>Commissioner Jim Francesconi</p>	

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<p>*1017 Accept a grant from the U.S. Fish and Wildlife Service and Metro Parks and Greenspaces in the amount of \$10,000 for Gabriel Park Vermont Creek Riparian Zone Project (Ordinance) (Y-5)</p>	<p>178696</p>
<p>*1018 Amend Intergovernmental Agreement with the Oregon Department of Transportation to provide additional funds for the reconstruction of Front Ave. from Harrison Street to Everett Street (Ordinance; amend Contract No. 50661) (Y-5)</p>	<p>178697</p>
<p>Commissioner Randy Leonard</p>	
<p>*1019 Prohibit smoking and use of tobacco in private for hire vehicles (Ordinance; amend Code Chapter 16.40) (Y-5)</p>	<p>178705</p>
<p>Commissioner Dan Saltzman</p>	
<p>*1020 Authorize contract with CH2M HILL, Inc. to complete the National Environmental Policy Act public scoping process and Habitat Conservation Plan interim products in the Bull Run and Sandy River basins (Ordinance) (Y-5)</p>	<p>178698</p>
<p>*1021 Authorize an Intergovernmental Agreement with Reynolds School District Multnomah Youth Cooperative to provide weeding and mulching services for the Watershed Revegetation Program (Ordinance) (Y-5)</p>	<p>178699</p>
<p>*1022 Authorize application to the U.S. Environmental Protection Agency for a Smart Growth and Brownfield Redevelopment Grant in the amount of \$100,000 (Ordinance) (Y-5)</p>	<p>178700</p>
<p>*1023 Authorize an amendment to the professional service contract with Parsons Brinckerhoff Quade & Douglas, Inc. for professional design services and payment for the final design of the East Side Combined Sewer Overflow Tunnel, Project No. 5516 (Ordinance; amend Contract No. 34633) (Y-5)</p>	<p>178701</p>
<p>Commissioner Erik Sten</p>	
<p>*1024 Amend subrecipient contract with the Portland Development Commission to increase funds for lead risk assessments by \$12,000 and provide for payment (Ordinance; amend Contract No. 34463) (Y-5)</p>	<p>178702</p>

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<p>*1025 Authorize subrecipient contract with Portland Community Reinvestment Initiatives, Inc. for \$102,235 to undertake rehabilitation activities of affordable housing units and provide for payment (Ordinance) (Y-5)</p>	<p>178703</p>	
<p style="text-align: center;">City Auditor Gary Blackmer</p>		
<p>*1026 Authorize Intergovernmental Agreement with Multnomah County for temporary records center storage services (Ordinance) (Y-5)</p>	<p>178704</p>	
<p style="text-align: center;">REGULAR AGENDA</p> <p style="text-align: center;">Commissioner Dan Saltzman</p> <p>1027 Limit annual water and sewer utility license fee payments to the General Fund to \$16,993,474 (Second Reading Agenda 997; amend Code Chapter 7.14) Motion to accept amendment language “until those fee payments equal 5% of gross revenues at which point they will increase to equal 5% of gross revenues; direct the Office of Cable Communications and Franchise Management to establish a consistent fee structure for all utilities operating in the City of Portland”: Moved by Commissioner Leonard and seconded by Commissioner Sten. (Y-3; N-1, Francesconi, Katz)</p>		<p style="text-align: center;">PASSED TO SECOND READING AS AMENDED SEPTEMBER 1, 2004 AT 9:30 AM</p>
<p style="text-align: center;">Commissioner Erik Sten</p>		
<p>*1028 Accept a Northwest Area Foundation implementation grant to support the Bureau of Housing and Community Development Economic Opportunity Initiative in the amount of \$300,000 (Ordinance) (Y-5)</p>	<p>178706</p>	

At 12:21 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

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

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WEDNESDAY, 2:00 PM, AUGUST 25, 2004

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

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Closed Caption Transcript of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

AUGUST 25, 2004 9:30 AM

Katz: Karla, please call the roll. [roll call taken]

Katz: All right. Communications, 1004.

Item 1004.

Katz: Come on up, charles.

Charles E. Long: My name is charles long, and I live in northeast Portland. I'd like to say personally that i'm happy to see the mayor here and we have been continuing to pray for her welfare.

Katz: Thank you, charles.

Long: Portland certainly needs a vision for the future, and I think one of the best methods is to do brainstorming. And I think if it's done properly it will yield great results for the city. I would suggest that each commissioner have monthly brainstorm sessions with members of the community, anybody would like to participate could -- could sign up each month and have new people each month for each commissioner, and have them -- have them go in a circle, have a limit of about 12, and brainstorm for new ideas for Portland's future. And these ideas could be recorded and be put into four categories. One idea that can be implemented immediately, one idea that could -- would need city ordinance and hearing, but is very viable. The third category would be something that could be put aside for the future that's very important, but needs some work and some more study. And the fourth category is that it's just -- just not valid. The idea of brainstorming is to unleash the -- the minds that are often inhibited, that ideas can flow freely and that people can -- can develop ideas from their subconscious, that comes to the consciousness, and in that way our community can implement great ideas to implement for the future. Thank you.

Katz: Thank you, charles. Let me remind anybody who wants to testify, our system is down, so you'll hear a little beep that will sound like an egg beater -- i'm sorry, an egg timer beep that sounds like an egg beater. 1005.

Item 1005.

Katz: Is he here? Ok, thank you. 1006.

Item 1006.

Moore: She's not able to make it.

Katz: Ok. 1007.

Item 1007.

Katz: You have an audience today.

Chris Andon: Hi. My name is chris andon, a resident of northwest Portland in the forest heights and northwest heights neighborhood. First i'd like to just thank all the commissioners' offices, as well as their departments they represent, including b.d.s., pdot and Portland fire and rescue for responding to my multiple email requests, as well as those of my residence and neighbors, and for attending our meeting on august 9, discussing some fire safety issues in light of the recent five-alarm fire in our neighborhood. We have two main safety issues we'd like to discuss going forward, and we hope to have your help on this. Initially we have some concerns about the safety of four to five-story wood frame buildings during construction. They've been referred to as matchsticks when they're in this stage of construction. Currently there's no local ordinance or legal means for the fire

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department to require safety measures during construction. And this is a concern, because these construction -- the construction of these buildings can last you upwards of multiple months, and it has led to at least two large five-alarm fires. One was the pearl district fire of a few years back and this recent fire in our neighborhood. And what i'd like to propose, and i'd hope to have the support and sponsorship of one of the commissioners, if not all of you, as well as the mayor, a local ordinance which would require some sort of safety measure, whether it's phase construction, having sheetrock up, or during construction as you build each floor on a building, or having sprinklers in operation at an earlier date instead of waiting until completion. Our second major issue is we're concerned about Portland fire and rescue's backup coverage in our neighborhood at this time. We have a new fire station to be built, proposed by december 2005. The new station would be named number 27. However currently we are covered by tualatin fire and rescue, station number 60. We're glad to hear from portland fire and rescue that they are no if not before in direct communication with the station so that coverage is communicated when fire engines are out. However as we understand sylvan station is assigned to downtown inspection duties some of this is due for safety they'd like to know what is going on in downtown buildings. But it also enables them to fine -- to acquire fines up to \$70 and it's a method to fill their budget limitations. I'd like to encourage the commissioners as well as the mayor to budget enough money to the portland fire and rescue department so that the fines are not needed to fill the budget.

Katz: Thank you.

Andon: Thank you very much.

Katz: Ok. 1008.

Item 1008.

Dave Nadal: This is one of those times I didn't have a chance to make notes or write it out, and I found that that -- to be clear you need to do that with three hours' sleep, so i'll read an email I wrote on the subject. It's in casual language, so i'll have to ask you to read between the lines. And regarding things that I wanted to say to council about mayor Katz not being here eventually and because her term is up and the quality she brings and the qualities i'd like to see continued. I'll save that for a later date, because I didn't get that completely done. So i'll sign up again. I'm a resident of Multnomah and hillsdale town center where they overlap. Regarding p.g.e. acquisition, sometimes if you own a house, and there's a piece of property next to you that's vacant land, there's some times when you even can't afford something, but you need to get it because you can always sell it and you can place conditions on that thing if you do sell it. And that's the attitude i'd like us to have towards acquiring p.g.e. I've heard that we had an opportunity to bid in the bankruptcy and that we didn't, something like that. Fill in the blanks, but there was something we didn't do, and I was very disappointed about that. Here's the email that I wrote. Thank god they are challenging this. The city's challenging's something regarding p.g.e. I hope the utility district wins in court. I'm another who's all in favor of the city getting p.g.e. Even though i'm not positive that municipal ownership is the best thing there are times you need to just get something, then you're in charge and you can decide to sell it to a private owner or perhaps keep it, but you can do it all on your own terms at that point, just get it. Politically just adamantly point out to the public that we need to put Portland in charge of our energy future, our residents were taking no more chances. We've been through enough travesty with p.g.e. already. Explain to the public that once it is obtained we'll deliver it careful on the best options regarding how best to proceed at that point. I don't think in the history of the u.s. any city has ever had more justification to acquire a utility than Portland does right now, just in terms of history. We're the principal seat of the enron tragedy. I wish Portland had bid for p.g.e. in the bankruptcy proceeding. Why didn't we? I don't think the dogmatic arguments of those who think municipal ownership is bad should be listened to right now. Just get it. Then study all the many options we'd have at that point. During the process, as I mentioned before, repeatedly point out to the public that getting it retains the option of selling it to a private

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entity. You have every option open if you buy it. I'm sure -- i'm not an expert on utilities, but I do know that i'd rather see the city sell it to someone on our terms and conditions, then see this texas corporation eventually sell it to someone, which they always do. That is their job and their business. Also i'd like to point out, I don't know, i've heard that a local law firm has been in charge of this, and i'd like to use a truly regional national law firm, that's done a lot of energy acquisitions on a larger scale, such as fritz, omalady and myers in los angeles, that has offices all over the country. There more familiar with large-scale things like this, and one could call warren christopher who works down there, and he's actually probably retired now. He's the ex-clinton administration secretary of state, and he could tell you who there would be a good person. Also the importance of getting second opinions. It really focuses a lawyer's mind if he knows someone else is looking at something. All of a sudden this lawyer becomes really creative.

Katz: Dave, because you're very involved in the community, may I recommend that you take a little bit of time and have a conversation with commissioner Sten or someone in his office, or with judy tuttle in my office, about what actually happened.

Nadal: Ok. I'd like to inform myself. Thank you.

Katz: Consent calendar. Items to be taken off? 1027. Any other items to be taken off the consent agenda for discussion.

Moore: That was 1019.

Katz: What did I say?

Moore: 1027. We need 1019 pulled off.

Katz: Oh, and 1019 and 1027.

Moore: It's already on regular. 1027's on regular.

Katz: Ok. Any more? If not, roll call on consent.

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

Katz: Mayor votes aye. [gavel pounded] all right. One second, i'll be with you. All right. Time certain, 1009.

Moore: Do you want to do the pulled item, 1019 first?

Katz: Oh, i'm not with it today. 1019.

Item 1019.

Moore: Ok.

Leonard: This is mine.

Katz: Commissioner leonard.

Leonard: I'm not sure who had it pulled.

Katz: Who had it pulled? Ahh.

Leonard: We did. This is marion gaylord from bureau of licenses. Welcome, marion.

Marian Gaylord: Good morning, council. I have, in the last few months, become the chairman of the private for hire transportation board of review, and this is a proposal brought forward by that board. It was actually introduced by bob wagner who is a driver representative to the board. The proposal was also taken to both of the standing committees for the companies and the drivers, and we've gotten wholehearted support. We really expected to see probably more objection to it from some drivers who are smokers, but they pretty much all seemed to recognize that this is a necessary thing. It's very important. And so much of the efforts that we're making toward improving driver and vehicle standards are aimed at giving the very best possible first impression to visitors to the city. And this is a big part of that. It's been well researched. This is a trend that i'm sure you're well aware of, is international in scope. I spent 10 minutes on the internet and found over 20 different jurisdictions, whole countries, large cities, that are moving in this direction, toward prohibiting smoking or the use of tobacco or any other kind of substance in that fashion in public for hire transportation. The main reason that we took this off the consent calendar was that we had information from Multnomah county, someone named kiley minor, who if you'd like to come

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forward, kiley, with the Multnomah county health division, very much in support of this, and they wanted to speak to council about it.

Kylie Meiner: My name is kiley minor. I'm the tobacco prevention program coordinator for Multnomah county health department. And I wanted to let you know some following facts that are from the centers for disease control and prevention and the Oregon department of human services health services that lead us to support this amendment of the ordinance to prohibit smoking in taxis and other private for hire vehicles. Tobacco use is the leading preventable cause of death in the united states. It is a major underlying cause of heart disease, lung cancer, stroke, and other cancers. And many other respiratory diseases. Tobacco use is responsible for about 430,000 deaths a year in the u.s., and approximately 7,000 deaths a year in Oregon. Secondhand smoke is a carcinogen known to cause cancer in humans and a form of air pollution. It contains more than 4,000 chemicals, including carbon monoxide, arsenic and lead, and over 50 of these chemicals are known to cause cancer in humans. Secondhand smoke causes about 53,000 deaths a year annually in the u.s. And 800 deaths a year in Oregon. Oregonians enthusiastically support smoke-free air policies. Only 20% of adults in the tri-county area smoke and 86% of Oregonians say indoor workplaces should be smoke free. Clean indoor air laws, such as this code amendment are proven to reduce tobacco use, encourage people to quit and protect people from secondhand smoke. Most Oregonians are already protected by secondhand smoke in their workplace. This amendment would extend the protection to the drivers of taxis and be a benefit for public health. So Multnomah county endorses this amendment.

Katz: Thank you. Anybody else want to testify? If not, roll call.

Francesconi: This is a common sense regulation that will improve the safety of our citizens. Aye.

Leonard: I was just going to say, before I voted on this, that we are also working on a proposal, david shaft in my office is heading this up, that would ban smoking in all public places, including workplaces, much the same reason. It's allowed currently in some business and workplaces in the state. There have been some locales that have taken it a step further in Oregon, and we're going to bring something fairly soon to the council. So I appreciate marion's work on this, and everything else she's been doing up there in the taxi industry and tow industry. Aye. Thank you very much.

Saltzman: Aye.

Sten: I think it makes health sense. I hadn't thought about the impression you make on visitors, when they first get into a cab. I think that's a great point aye.

Katz: Mayor votes aye. We can't wait, commissioner. [laughter] 1009.

Item 1009.

Sten: I'll briefly introduce this. This is one of those items we look forward to bring to council. We have a fire bureau whose main job is responding to all sorts of unusual situations very quickly, at a moment's notice, and they're doing a terrific job. The other piece of the puzzle, which chief Wilson and chief klum and jim forquer for the union and alissa brumfield has been staffing this have been working on, the better part of eighteen months, is the other skill which you have to have which is complimentary in long-term planning, trying to make sure we're in this position as well as possible to be there as quickly as possible. I guess it's pretty straightforward. Everybody knows in emergency response the time it takes to get there is critical. In the case of a fire, how fast you get there determines whether or not you have a chance to save lives and also property, lives being the main issue. Now with the majority of being emergency medical calls, the issue of getting there quickly, if somebody's not breathing, having a heart attack, it really comes down to whether or not we can save a person. For us, it's taking all of the know-how, the common sense, the ability to understand the city that resides in each of our chief officers, and take a real thorough and really scientific look at how things are. We are -- two things are going on. One is that we're building quite a few new stations, renovating stations. We want to make sure we understand the staffing

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patterns as well as possible, and at the same time, even since the bond passed which is getting to be a few years ago, the city is changing all the time, demographics are changing, it's getting denser, traffic patterns have changed dramatically. And this is really a standard of emergency response coverage that after the council adopts this, and we do the final touches on it, will allow us to get a prestigious accreditation that I think only 89 fire departments worldwide have. That will show you the level and detail and work and thought that's gone into this. That's terrific. I'm glad we're going to meet that standard. My hat is off to everyone who's worked on this. At the same time, having this methodology, that this team will present to you today, will allow us to look on a regular basis, I'm looking at mayor katz, to show in measurable terms what we're doing, our response times, and I think make better decisions about where to place staffing in the future. I think how many stations we should have, where they should be, as you start to look 10, 20, 30 years down the road, some of it is intuitive, but a lot of it is tricky. This will give us a world class approach that we intend to keep up on a regular basis and continue to do on out. This has been an 18 month process it's looking forward, and it's amazing how much time and energy goes into making sure we'll be there a couple seconds faster makes a difference. This will give the council a basis in the years ahead to make decisions about investments in the fire bureau that I think will be before us. I'm proud of the work that chief wilson has done. This is another example of working closely with labor, jim forquer representing the firefighters union. Deputy chief klum has been heading up all these efforts and melissa brumfeld who has done an incredible job of keeping the process moving. Chief?

Ed Wilson, Fire Chief: Thank you commissioner. That's pretty much our presentation in a nutshell. We should just open it up to questions.

Katz: Before you start, I don't know if chris is still here, who came in and talked about forest park, a couple of years ago there was another construction fire, and I thought we had required developers in the construction companies to do something very similar that chris suggested.

Wilson: You're correct, mayor. I'll go over briefly some of the things we require just throughout the construction project. Of course we make sure the access roads are wide enough and of good nature so we can access the building. Water supplies, the hydrants have to be in. Stand pipes for all buildings four stories and above. So five stories and above or four stories and above will have stand pipes, but on those wooden construction buildings that are five stories and above, we're now encouraging, requiring them to turn the sprinklers systems on floor by floor. We're also requiring that they compartmentalize the structure. Usually on a five-story, it's a large commercial -- when the kerney fire took up a better part of a block and so when the fire got a head start it was just, we were unable to control it. So we've done a lot of the things on five-story and above. The fire in forest heights was actually four-story. So it was going to be a very safe building once construction was completed. It was fully sprinklered. Had the stand pipes in the stairwell. It was just at its most critical stage in the construction process. We encourage and require that the contractors, they're responsible for fueling, heating devices, smoking, cutting and welding, flammable liquids. They have some responsibility in security of the site. So we work with the construction. But with respect to codes there really is nothing currently that we're utilizing on four-story and below.

Katz: You might want to take a look at it, because those recommendations for five and above should probably apply to four.

Wilson: And we're doing that. The fire marshal is currently working on that. We've been in contact with mr. Andon and we'll continue to speak with him.

Katz: Ok. I didn't want to take away from your job.

Wilson: No, that's all right. Commissioner did a good job of presenting it for us actually. Mayor katz good to see you here today, members of council. For the record, ed wilson, fire chief for the city of Portland. We're here today to ask council to adopt by resolution the standard of emergency response coverage document that Portland fire and rescue has developed. For the past 18 months or so, Portland fire and rescue, working with commissioner Sten's office, has been hard at work

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conducting the comprehensive review of our organization and the services that we provide to the citizens. This comprehensive review is being conducted as a part of our desire to become accredited by the commission on fire accreditation international, oftentimes referred to as cfaia. The commissioner on fire accreditation international came about as a result of a decade of hard work and development by many fire service leaders and local government officials. In 1988, the international association of fire chiefs assigned a memorandum of understanding with the international city/county managers association to begin the development process. This commitment was made realizing that government fire services and state and local governments must define how communities should evaluate the risk and allocate the resources based upon the missions and objectives of their emergency service organizations. As a result of this good work, the commission on fire accreditation international was established in 1996. This is a nonprofit entity, independent nonprofit. The commission provides an excellent self-assessment process for fire and emergency services agencies to evaluate themselves. The self-assessment process seeks to answer three basic questions. First, is the organization effective. Secondly, are the goals, objectives, missions of the organization being achieved. Thirdly, what are the reasons for the success of the organization or lack thereof. The cfaia accreditation model has identified 10 categories that departments must use to evaluate their performance. These 10 categories are governance and administration, assessment and planning, goals and objectives, financial resources, programs, physical resources, human resources, training and competencies, essential resources and external system relationships. And within these 10 categories there are 256 performance indicators, 108 of these are considered core competencies and must be accomplished to be accredited. Portland fire and rescue believes that there are many benefits of going through the self-evaluation process. The benefits include promotion of excellence within the organization. It encourages quality improvement through a continuous self-assessment process. Provides assurance to peers and to the public that the organization has a defined mission and objectives that are appropriate. It provides a detailed evaluation of the services that we currently provide to the community. And a process will help us identify our strengths and our weaknesses. It will help us when we're developing our strategic plan and annual business plan and should foster pride in the organization from bureau members, from the community, and from council. But probably the most important reason for doing this is that in a time when the fire service and government agencies in general are being scrutinized more than ever before, cfaia provides the bureau and council as a well-defined recognized measurement tool that can be used to evaluate the performance of Portland fire and rescue and our efficiencies. The standard of emergency response coverage document that we're asking council to adopt today is a major component of our efforts to be accredited by the commission on fire accreditation international. In fact, the adoption of the document is necessary for us to move forward with the application process. For that reason, i'm going to turn the mike over to Alissa brumfield who serves as the bureau planning administrative services manager and also as the chairperson of our cfaia steering committee to more fully go through the serc document before you.

Alissa Brumfield: Alissa brumfield, Portland fire and rescue. Thank you for hearing us today. As ed mentioned, we're in the process of becoming accredited. And one major component of accreditation is having a standard of emergency response coverage. This is a document that you have to have in place in order to even be considered for accreditation. So as ed mentioned, we've taken the last 18 months to conduct thorough and comprehensive analysis of our response times, our incident, our workload, our deployment levels, and we've created this document. We've also conducted a very lengthy risk assessment, looking at hazards, commercial occupancy information, and addressing those needs as well. Why do you adopt a standard of emergency response coverage? One of the main reasons, as already mentioned, is to become accredited department. As we mentioned, when we met with you one-on-one, there are about 89 internationally that are accredited. That is a very small number when you look at all the fire departments across the united

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states. So as ed mentioned it's a very prestigious and significant accomplishment. Another big reason to adopt it is because council is accepting on behalf of the citizens a certain level of service. They are adopting a level of community risk and all of that is highlighted in the standard of cover document. The last thing is it accomplishes a formalized document that sets forth our goals and objectives our response time goals and gives the citizens an understanding and expectation for what we can deliver.

John Klum: John klum, deputy chief, Portland fire and rescue. Thank you for the opportunity to speak to the commissioners and mayor today. I'm going to add on to what alissa and the chief have already relayed to you as far as the development of the serc document and the composition and what led up to the final draft. The cfai leadership team was created internally through Portland fire and rescue to develop -- specifically develop the serc document and the other components of the accreditation process. Our task was to create and analyze a substantial amount of data to base the report in front of you. It was a very in-depth look at the operational issues that was a comprehensive approach to what we do, what we do well, what we can do to improve. We discussed standards, goals and performances. We finalized the serc document before you. We utilized external partners such as the bureau of technology services to acquire data to formulate the map center and the subsections in the back of the document you have before you. The composition of the team, it was a combination of a both labor and management, both sworn and non-sworn, and represented all levels within Portland and fire rescue, from civilian employees all the way up through the -- to the chief's ranks. It is very important, because the labor component that -- the captain jim forquer is here today -- shows we have a cooperative approach of looking where Portland fire and rescue is in 2004 and help us with our strategic planning and hopefully the accreditation process. The serc development, the actual standard emergency response coverage document we started the process at approximately 18 months ago. There have been multiple reviews, both executive core leadership level and labor and management level to get to the point to where we are today. The serc document elements, the key elements i'd like to brief you over -- give you an overview is a basic overview of Portland fire and rescue, risk assessment, time and on-scene performance, distribution of resources, concentration of resources, response reliability, performance, future needs, service goals, and then some mapping to supplement that data. Real briefly, the overview looked at standards, goals and objectives, existing deployments, risk identification, expectation service levels, objectives, and distribution of resources. The risk assessment and frequency of call component took the basic components of fire flow, probability, consequences of events, occupancy risks, demand zones and community profile and we added another two layers to that, and it had to do with topography, because the northwest is a unique geographical area, and also response to transportation issues and future development of properties within the Portland metropolitan area. The next component was time and on-scene performance. There's a substantial amount of data in there for you to review. In a nutshell, it's ability to provide adequate resources to mitigate each event, from event initiation, from the initial citizen calling in to 9-1-1 all the way to when the company returns to service. The on-scene operations were analyzed to determine staffing levels, number of units needed to perform the tasks at hand in a safe and efficient manner to not only minimize safety risks, but also reduction of losses to property. Distribution of resources, typical benchmarks, we were looking at fire flashover and also early defibrillation and advanced life support intervention. We also added some geospatial analysis and station location studies that Portland fire and rescue participated in in the 1990's to -- what's called referred to as the tri data part that many of you are familiar with. The next one is concentration of resources. The spacing of multiple resources. We looked whether they were close enough for initial effective response in prescribed -- within prescribed time frames. The response reliability, key component and company performance. Response reliability is the -- probability of the first company actually responding to an incident in their fire management area or their particular

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geographic location. That's based upon run volume, g.o. Bond, seismic ada, retro fits, a lot of factors influence that, because if a company is out of their fire management area, then supplemental support from other geographically-located companies would have to offset that. Our response reliability in the document shows a 76.9%, which we feel is low at this time. But take into consideration that we'll get more accurate data after the fire bond project is completed at the latter part of 2007 to where we can actually cap some more accurate data and we anticipate that percentage going up. Future needs. There's -- in the back of the document, there's 13 opportunities for improvement that are identified. The service goals, we want to look at improving our turnout time for first responders, improve our first in response times and also improve our overall structural fire response with a full complement of companies associated to mitigate that incident. And last component is multiple maps for your review.

Katz: Ok.

Jim Forquer: Jim forquer, Portland firefighters association. Now we're going to talk about how we're doing. We've got two standards. The cfai process is the process for us to evaluate an accredited organization if their doing well. The other standard that we reference is an fpa 1710. An fpa 1710 is a standard that deals with deployment, staffing and response times for career departments and the services they provide to the public. Currently portland fire and rescue has a response time goal in five minutes and 20 seconds, in 90% of the time. At this time we're responding in seven minutes and 18 seconds, 90% of the time. We're about two minutes off the mark. The following page, you'll see a map that indicates how we're doing as far as the e.m.s. critical call response time as well as well as the time temperature curve in flashover situations. Although it's difficult to read on the screen, the map has taken data over the last three years and identifies for each fire management area specific response areas, the number of calls to that response area and the average response time. Again, green would indicate now that we're doing a good job and we're meeting that response time. And the other areas ranging from yellow to red indicate a lesser response time than our goal. We've got a considerable number of areas that are in the orange and red, which means we're, again, at that two-minute mark, a considerable distance from where we'd like to be.

Katz: Let me ask you, is that -- i'm sorry. Is that a function of the locations of the stations? Is that a function of traffic and transportation issues that you've got so much where -- so many instances where you're over seven minutes?

Forquer: I think we're seeing that as a result of several factors. We have had a significant reduction in staffing over the last 10 years. We've eliminated 12 rescues, thereabouts, over the last decade or so. That's had a significant influence. The g.o. bond has had some impact with companies being relocated during the time frame their stations are being remodeled. When those stations are moved back in, that will improve some we don't have a real good idea of how much that will be at this point. The other factors that's a significant influence is the response reliability for companies that are achieving or responding to 3,000-plus runs a year. When that company starts responding to that many runs, their response reliability drops significantly. Companies from neighboring fire response areas have to respond and answer a second call in their area. So travel times have increased considerably. Then you can talk about the traffic density situation and a lot of the other population increase factors that create additional drain on the resources. So there's a lot of factors that are influencing that. Actually the next slide, we talk a little bit more an fpa 1710 the standard for a full first alarm company are a complement of apparatus to arrive on scene is eight minutes. Because of travel time for will some of our later-arriving companies to get on scene on a first alarm assignment, we're arriving now between 15 to 18 minutes for most of those calls. We're considerably down the mark on the time it takes to get a first alarm assignment on scene. The chief klum mentioned the response for reliability. Right now we're at about a 76.9% average, which is

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lower than we'd like to see. If we can improve the reliability of companies being available for calls within their f.m.a., we anticipate that will improve.

Katz: Thank you.

Brumfield: Other significant outcomes, these already mentioned by jim, but g.o. bond activities, and fmpa 1710, so we've already discussed a little bit. Move on to the next slide. Other outcomes is that we have organizational improvement strategies, which you can find under your future needs tab in your standard of coverage document. Those goals and objectives will be incorporated into our long-rang plan so that we can address those. Another outcome is we'll have better baseline information for station and company level resource utilization. So that we know how busy they are doing different activities, what the level of fatigue may be, just so that we can balance resource levels. And the last thing on this slide is better understanding of the risks in the community. We have a better idea of where our target hazards are, where the hazards exist, how many sprinklers we have in commercial occupancies, how we need to work to improve that. We've looked at a lot of risks and we have a better idea of where we need to go in the future. Our standards, goals and performance indicators are formally adopted and recognized. We are being straightforward about service levels with council, about what they can expect from portland fire and rescue. What services they can expect us to deliver and how quickly. We've identified areas for improvement in this plan. And one good example is station 27, and coupled with our station relocation study, and retrofitting project, we are addressing the issues, for example, around station 27's area, which will be built december 2005. And the map that's in your handout shows where the fire occurred, the six-alarm fire. There's a star on your map. The orange circle shows a one-mile radius for response time. Our goal in that area would be five minutes, 20 seconds, 90% of the time. Right now we're getting there between 16 and 19 minutes 90% of the time. So with that station alone, you can see a really improved response time. Not sure what the actual performance will be in that area. We're looking at seven minutes, 18 seconds right now overall. So time will tell. We'll be looking at that in 2006 probably and see how we're doing. We will conduct further modeling and scenario building to look at deployment and system status needs. We're looking at software and ways to better analyze our data and determine where we need to place resources. Another great benefit of this process in adopting a serc is we have a great process between labor and management to develop this product and do strategizing in the future and planning in the future. We also have a formalized process for adopting our goals, revising our goals and making sure they go through the standard of coverage process. Lastly we have a very good understanding of our performance and where our deficiencies are and how we need to work to improve those. The next steps in this process, today we have a resolution before you to adopt the standard of coverage document. After that, we will be submitting our application to cfai, and part of the application is the 200-page, self-assessment document which has the 256 performance indicators that ed mentioned earlier. That document will be submitted, and then we will undergo an external assessment by fire service professionals probably in about three to four months. After that process, we will take the goals and objectives that we've outlined in the serc document, incorporate those into our financial plan, and long-range strategic plan, and we will conduct further analysis of the areas that we felt we were performing poorly and determine how we need to address those. As part of the cfai accreditation process we'll be required to review this document and conduct an annual compliance report. So we'll be participating in that process, and then every five years we'll go through another comprehensive review. And with that said, I just briefly want to recognize the other members on the cfai leadership team. Those of us at the table. Then behind me, if jason kelly and mark kale will stand up. They also participated in the process and I wanted to acknowledge their support. And phillip roberti. He was our staff intern who did a lot of work on that. And our battalion chief, john knorr.

Katz: Who did the maps?

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Brumfield: The maps were a joint effort between us and b.t.s.

Katz: Nice work.

Brumfield: We actually got some of the maps from metro but the majorities from bts.

Wilson: I'll also like to acknowledge paul sage, the division chief for assistant chief for tualatin valley fire and rescue, a partner of ours, and provided quite a bit of guidance. Both clackamas county fire district number 1 and tualatin valley fire and rescue, have already been accredited through the commission on fire accreditation international, and actually chief lasage speaks nationally, teaches nationally on assisting departments go through this process. He was of great assistance to us. At this time we'd open up for questions from council on our process.

Katz: Let me ask you, if you had to anticipate, because this is -- we've gone through a lot of this a couple of years ago, not necessarily leading to accreditation, but knowing and clearly trying to understand where we need fire stations and where we can move some and where we may be able to close some. If you had to glance in a crystal ball, and tried to identify what you're going to have to add with the population increasing here, and density and certain neighborhoods, what do you project in terms of additional stations?

Wilson: You know, I appreciate the question. I think actually the g.o. bond or station location study conducted in 1996 for the most part identified the areas of town where we need facilities. We're in the process of constructing those. We have two more to build on the west side. The one question might come down in the south waterfront park is as that develops. We're not sure how that's going to look. We also know we have extremely long response times down in the rivergate area, but the reality is that's mostly commercial and not a lot of call volume, but we know our response times are long out there. So if the stations are in fact appropriately spaced, or distributed throughout the city, then the next question is going to come before council in the years to come, and actually now, is the concentration of resources within those stations. For instance, some of the red - - a lot of the red that you see isn't because the fire station isn't in the appropriate part of town. It's because maybe the unit there is on a call. Or maybe the unit there is part of our mandatory training. Or maybe right now it's displaced because of remodeling. So I think what council will be -- will be asked in the future from the fire service is to add additional resources within those existing fire stations, whether it be a rescue or -- another response unit. Captain Forquer talked about the reduction of 12 rescue units. Well, 12 response units out of a system, that's one -- that impacts our ability to get to all calls in a timely manner when you take resources out.

Katz: Have you made that correlation, where you lost a unit, that that was primarily due to the extent -- the extent of time was due primarily to that, because you've got a lot of red --

Wilson: Intuitively, you know, we have both intuitive, the expertise at the table and in the bureau, we think we know what the issue are. And we have scientific data that we're continuing to look at. When you take resources away, whether they're out of service, on another call or being displaced for remodeling, it impacts that service area. Out in east county, the fire stations that we got from fire district 10 through annexations, they're fairly far apart in comparison to the stations that were built in the old city proper if you will. That wasn't an issue years ago when the car volume was relatively slow out there and when the population base was -- you had a lot of large lots, acreage, if you will. Now that's all being developed. The call volume has dramatically increased out there, and those fire stations are a long ways apart. There's not a lot of resources. Some of those are single-unit resources. I think the fire stations, to answer your question, they're in appropriate sites, they've been located, but the amount of resources within them, looking forward, will probably have to be increased in certain parts of town.

Katz: Let me ask you one other question. If the gresham levy fails, what's going to happen?

Wilson: I'm in discussions with the chief caitin of gresham fire and rescue right now. As council realizes or knows, we currently jointly staff a fire station on 174th. It's our station 45. We entered into a 10-year intergovernmental agreement about five years ago where the city of Portland would

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staff the station for seven months and gresham would staff it for five months. It's a great benefit to both cities, but gresham does have a challenge before them. And they're going to vote in march, I believe, of next year on whether to recreate fire district 10, which would give them some additional resources to provide service to citizens. If that measure does not pass, then we'll have to -- gresham will be revisiting, I suspect, the staffing of that station. That will be a challenge for us. We did have it closed for about an 11-month period. I would not recommend -- I mean, it's busy out there. We need the resources out there. My hope is that gresham residents, citizens, will in fact approve their fire district or levy option, whichever they choose to go forward, to help stabilize east county fire service. You know, also, as we brought to council for three years, after station 27 opens, we don't have in our budget the staffing for the seven months anyway. So that's a challenge for us.

Leonard: Nor the new station 27, as I understand.

Wilson: Well, station 27 staffing will be station 45. We're shifting it there. When that plan was put in place, 45 was actually closed. Really we'll be short the seven months. And station 21, the last of the stations to be built in southwest, it's in the five-year forecast, you have 12 bodies to staff that station.

Katz: Uh-huh. That's assuming it remains.

Leonard: Just throw my two cents in on this. The value of what this document will provide from my perspective, is it avoids some of the controversies that have occurred in years past when you have these discussions about response time. I remember us at some point, and I don't know if it was to do with the bond measure, that we had this discussion, but we had this discussion internally in the fire bureau what about a response time was. Is it when you call 9-1-1 and the phone begins ringing? Is it when they -- the response time to calculate it from that point? Do you calculate it from when they answer the phone at 9-1-1? Do you calculate it from when they dispatch the firefighters? Do you calculate it from when the engine actually starts rolling? This provides a standardized method by which we can actually have just informed discussions about what we need and where we need it without getting caught up in, well, is the response time to a certain point in their first response area of six minutes, seven minutes, eight minutes. What does that mean? So I see this as providing a real value to us in making decisions about staffing levels, because then the final analysis -- this isn't that complicated when you get aside some of those issues. I mean, you have a city, where if somebody calls 9-1-1 and they need a firefighter, you have to have the fire station close enough to respond, it has to be staffed, they have to have the equipment, they have to be able to get there and handle whatever the emergency is. That's really what we're talking about. And this provides us kind of a map to measure how we do that.

Wilson: Commissioner I appreciate that comment. If you're the citizen in need, somebody has to recognize you have the event, somebody has to call the 9-1-1 center, boec, that call has to be dispatched, it has to be dispatched. Our 5 minutes 20 second goal or objective only begins once we get the call. So there's a significant portion of time, minutes up front to that too. So I appreciate that. One other thing i'd like to share with council, too, the fire services across the country, predominantly, and in Oregon, we're the primary -- or the largest first responder, medical care provider if you will. 70% of all calls in the fire services across the country are medical in nature, along with everything else we do. And fires are down per thousand, 100,000 population, because the prevention efforts that we're doing, the communication, education, things, that's very good, but I don't want council to lose sight of the fact that even though fires are down per 1,000 population, we have a lot more people in the city of Portland over the last 10 years. As reported in the 2002-2003 service efforts and accomplishment report, again, it recognizes that fires per thousand are down, but if you look from 1993 to 2002-2003, the number of fire calls are down 100. We're still responding to the same number of fires, just not the same number of fires per thousand population. Please take that into consideration. I know you do when we're staffing or talking about deployment of firefighters. Fires look like they're down, but only down per thousand population. Our firefighters

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are still responding to 2700, 2800 fires a year. You know, sprinklers are an answer, too. We're going to encourage and continue to work to sprinkler all occupancies, because that keeps it safer for the citizens and firefighters. With reduce the resources it's one way to control the fire until those resources can get there. Thank you.

Katz: Further questions?

Francesconi: Yeah. So, chief, first of all, your people continue to do a terrific job with fewer resources, as witnessed with the fire at forest heights and many others. So the main strategy to improve the reds and the oranges to yellows and eventually more greens, is not more stations, but more rescue units?

Wilson: More resources, whether those are peak activity engines -- we know, and it's documented in the serc document that we're busier from 7:00 in the morning till 7:00 at night, because our city swells significantly by thousands of people as they come to work in our community and people are up and around and moving. The incidents are significantly higher during the daytime. We're spending a tremendous amount of time -- the job has become very technical. We spend a tremendous amount of time training our firefighters, which is a direct result why we don't have high injury rates, you know, thank gosh, haven't had a firefighter death in a long time and that's not by accident. That's because we drill a lot. What we're doing internally is trying to take the resources that we currently have and using them as efficiently as possible. An example is we're currently moving our -- are in the process of building a new building out at our training campus for our e.m.s. section. Right now, monday through friday, we're doing significant amount of training on 122nd. That's not centrally located to a lot of our fire stations. So there's significant travel time as they go out to train. At the same time we're doing training at the foot of the hawthorne bridge in e.m.s. At the same time we may have a piece of apparatus needing repair that's out of service, or in service but out of position. We're trying to coordinate our resources.

Francesconi: What i'm getting at, chief, is, you know, what kind of money are you going to need over time to implement? How much does a rescue unit cost? How much does a fire engine --

Wilson: A four-person engine company is shy of \$1 million. A rescue company is shy of \$500,000. That's for 24-hour staffing. We'll look at all kinds of things, you know, peak staffing. In some areas you'll probably need 24-hour staffing.

Katz: Keep spending money.

Wilson: These are tough decisions, but we want --

Francesconi: No, I understand.

Wilson: We want to provide as much information as possible. For years, the fire service, public safety in general actually, talked about number of firefighters per thousand population. That's not outcome-based. That doesn't tell you what you're doing with the firefighters, nor does it tell you what bang for the buck, if you will, the community's getting. You know, I think the staff over the years with Portland fire and rescue has done a wonderful job of anticipating needs, redirecting resources, but now we're actually getting -- we're utilizing data that we have to better more scientific planning, instead of just a hunch that 80% of the time was right, but we want to be 100% right.

Francesconi: No. I understand. So you haven't done an analysis as to how many rescues you need or how many engine companies you need. Do you have any ballpark on how much you need to meet these standards?

Wilson: I have a wish list probably in \$3.5 million area. If we had that, we'd throw it at it. I don't think that's coming any time soon. As council goes forward, in making the priorities for the city, we want to tell you what our needs are.

Francesconi: That's why i'm asking you these questions, to be honest. Now you threw out a figure just now. \$3.5 million. What does that buy?

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Wilson: Rescues another district of command officers. You know we've reduced - - to maintain our staffing, onstreet staffing, if you will, direct service staffing, we've reduced all of our administrative support, to the point where we have chief officers that are responsible not only for responding to incidents but providing training and mentoring in administrative work. They have 10 stations a piece now. An industry standard is four to six. We're at least one district shy of chief offices. The rescues, you provide rescues in some of those very, very busy areas, and assign basic life support calls to them. Not only do you have that resource available for fire calls, but you have now two units from that fire station to respond to multiple calls, which addresses our reliability issue.

Francesconi: Ok. Thanks, chief.

Katz: Thanks, commissioner Francesconi. In light of other actions that the council may take today, this conversation really heightens tradeoffs that the council needs to make between relatively small amount of money returned for a system that protects the whole community.

Wilson: I appreciate that, mayor. I think it is timely, that as council looks at prioritization and what resources we have to spend, we just want to provide you with as much credible information, scientifically based as you can, to help you make your decision.

Katz: Ok. Thank you. Anybody else want to testify? If not, i'll take a motion to adopt the report.

Leonard: So moved.

Katz: Do I hear a second?

Francesconi: Second.

Katz: Roll call.

Francesconi: The good news is we have terrific firefighters and a well-managed fire bureau that has done more with less for 10 years. The bad news is this map. That's the bad news. So the question is how do we address it as a community? Aye.

Leonard: One of my most poignant memories from the time I served in the fire bureau was in 1988 when I was at station 3 on 17th and Johnson. We had a report of a fire on Johnson and about 20th. And when we arrived there was a house fully involved, surrounded by a chainlink fence, and the house was burning so ferociously it caught both house -- i'm getting there.

Katz: Between 20th and 21st, yes.

Leonard: The house was burning so ferociously, it caught both houses on fire beside it, and burning so intensely that it burned through the service drop to the house, dropped on the chainlink fence and electrified the fence. Not only was it spectacular to look at, the fence was sparking all around the house like a movie set. After we got it out, I looked across the street, and there stood the speaker of the house at the time, Vera Katz, in front of the house. I'm sorry?

Katz: Nothing.

Leonard: So I walked over to say hi, say, you know -- I mean, to me it was just the thing we did, went down to say hi and she was in a state of shock. I could barely get a conversation going with her, because she was so kind of impacted by this event. She told me she'd seen a similar fire as a child, and those kinds of things really impacted her. I tell that story for this reason. When we had this debate, and i've had it a number of times, and I have together have had this debate on the same side with people who haven't had the experience. You can't quite get through the importance of spending the money you need to spend to have an adequately staffed fire bureau unless they've experience that the mayor's had or others unfortunate enough where they've actually seen what it means to have a fire occur and the tragedy that that can present. I just hope we don't have to get to that point so all people, all citizens in Portland, get the importance of staffing at a level that we have adequately spaced stations throughout the city to get to those kinds of emergencies before they become out of control or somebody gets hurt or worse. This step that chief Wilson is taking is a, in my mind, a long-needed kind of analysis to make that argument beyond just the emotional argument that, you know, this is a standard, when you compare with whether it's Tualatin valley, who is one of

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the best fire departments in the united states, clackamas county, or boston, we can actually do a comparison to see how we're doing. So I really appreciate this effort. And I think it's going to ultimately be able to put before the council a true analysis that then we have to make choices.

Wilson: Commissioner, I appreciate that as an example.

Katz: We're in the middle of a vote.

*****: Can't talk? All right. That's hard. [laughter]

Leonard: Aye.

Saltzman: I could yield my time to the chief. Good work. This is a good -- a good framework from which we know where we have to go. Thanks for all the hard work. Hope we get the accreditation. Aye.

Sten: I want to thank the chief and the union and Alissa and all of our people who were liaisons. This has really been a lot of work. It gives us the ability to make good choices. There's two kinds of choices we need to make, one is a daily basis on where we deploy resources. What were trying to do with these numbers and I think its very clear from the two other councils is show people where the numbers are. And like any set of numbers there's a lot to these. Even in this conversation, we can't get to all of it. For example, I think it's important to point out that 30% of the time the ambulance gets there first because we're doing something else where we're not the first responder. Maybe we're on another call or something else. That doesn't show up in the red marks. It's an overall system that we're managing. What we want to be able to show, what absolutely makes sense, is to get more rescues, to get more engines to place, but until we're able to do that as a community we need to make it work, make our firefighters as safe as possible, while making the citizens as safe as possible. When it's time to argue about budgets, especially as money gets tighter, this is the kind of quality work that we need from every bureau. When the council is there, we can actually say if we do the hard work of cutting something and bringing another million dollars to the table, here's exactly what we're going to do with this. This to me is real leadership on chief wilson's part. This is something that frankly it would be easier not to do, it would be easier to come in with kind of broad statements about the importance of firefighting, the importance of saving lives, and nothing is more important, but this allows us to have that kind of conversation. So thank the whole team. I also wanted to thank tom chamberlain past president of the union and and jack fendens who's here as well, and also rich rogers who played a role in this. Thank you. Aye.

Katz: I've been fortunate to work with chief wilson on the budgets, and it's not that we were always in agreement. And it's not that -- I didn't push him. It's not that he didn't push me back. But when it was all over, I had an incredible sense of professionalism, thoughtful thinking through what the city needed, and an analysis of management needs as well as needs at the station. And I always felt comfortable that when we finally made a decision, or when I would look at him and say to him, absorb \$6,000, don't bother me with \$6,000 you can absorb it in the budget, that it would be done thoughtfully and i'd never hear about it again until the next budget cycle. I feel good that the city has done an incredible job thanks to the council, thanks to the chief, thanks to the firefighters.

Wilson: Thanks.

Katz: My only concern now is that we've made, with the chief's recommendations, made some major adjustments to deal with the shortfalls that we've had. And I worry about the map as well. And I struggle and I said -- commissioner Saltzman was out of the room, and I apologize when I talk about somebody else's legislative agenda. I struggle when I see us spending money and the needs apparent to keep the city safe, which is the number one priority for any city, is to keep their citizens safe. But I thank you for the work that you've done. Wish you much luck in getting the accreditation. Aye. [gavel pounded] ok.

Wilson: Thank you very much.

Katz: You're welcome. Item 1010.

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Item 1010.

Katz: Come on up. This is the good news report we do on a regular basis.

Sten: Mayor, can I have a suggestion I hadn't thought about. After were done [inaudible]

Katz: Okay, excellent we'll do that. Not only do we have a regular good news, I said to the council, to the public, that i'm convinced the economy has taken an up turn. Sometimes it's four steps forward and maybe one or two backwards, but it's moving in the right direction. Attached to all of this, too, is an economic policy document that was developed with the help of a lot of people a couple of years ago, and recommendations from our regional partners, our private sector partners, our public partners, key players in the community, to really brainstorm, like charles long recommended, and think about what it is that we need to do to get ready for the next wave for the -- for our economy. A lot of time was spent, a lot of conversation, testimony, and the group focused in on the business climate and formation, work force and education and targeted industries. A lot of discussion was on the expansion of industrial lands. That work was done with our metro partners. And if you recall, we're also looking now, and studying, expanding urban renewal areas in industrial areas so that we have the ability to begin to fund greening brownfields. What you have before you is a myriad of recommendations. Some of them where we take the lead. Some where our partners take the lead. The work has gone on. The work will continue to go on. It's in progress. There will never be a finish line on this kind of work. It's always changing, always changing. It's as comprehensive as it could have been a year ago or two years ago. And if things aren't on the map for this report, and we get opportunities, we grab those opportunities, even if it's not a targeted industry. That represents cluster industries. And so it's a living document, a changing document. And I want to thank the members of the task force who spent a lot of time on it. So that's all i'm going to say. We'll turn it over to don for the good news, and then to bob to review the document itself.

Don Mazziotti: All right. Thank you, mayor and council. For the record, don mazziotti, director of the Portland development commission. I trust everyone has the document that the mayor referred to. There are four tabs, which direct you through it. We'll be referring to that through our presentation. This is the fourth, in my series of regular reports to the council on p.d.c.'s economic development projects, activities and successes. I'll report on three areas, assisted by bob alexander beside me, our director of economic development. I'll talk about our business retention, expansion and recruitment activity for phone call year 2003-2004. Second, i'll discuss several recent recruitment and retention successes, as well as those under way, and third i'd like to walk you through with bob's assistance the larger written report that we've provided you on the status of various portions of the mayor's blue ribbon 2002 economic strategy for the city of Portland. First with regard to business retention, expansion and recruitment activity, for the period july 1, 2003, to june 30, 2004, the development commission staff conducted 512 onsite business retention expansion contacts. Those visits resulted in the retention or expansion of 2,128 jobs. 48% of the visits were too small businesses, which is part of the emphasis that we have put on the p.d.c., p.b.a., small business prosperity strategy that was developed in parallel with blue ribbon report several years ago. During that same period, we provided 57 loans to businesses, which totaled \$7,148,000. That resulted in private sector investment of \$49,102,000. We added four enterprise zone companies, which resulted in the retention or creation of about 560 jobs and it leveraged \$56 million in private investment. We recruited a total of 518 jobs during this period and retained 2,128. When the multiplier effect is added to those numbers, the impact is about 5,628 jobs retained, expanded or recruited to the city of Portland in the last fiscal year. We also completed 108 storefront grants for a total of \$1.1 million. So from this last year's activities alone, the direct financial returns through the business license and property tax to the city of Portland, are estimated at \$7.2 million over a 10-year period. Additionally these companies will generate almost \$4.1 million in taxes to the county. About \$11.1 million to other local taxing jurisdictions. And \$66.5

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million in corporate and personal income taxes to the state. The total fiscal benefits to the city and county and state are projected at about \$89 million over the 10-year period, which does not include revenues that might benefit from multiplier impacts. It's been a highly successful period, albeit during a recession. With regard to the results of this first quarter of 2004-2005, in the past 60 days of the current fiscal year, our economic development effort has helped create or retain about 725 jobs for the region. Qwest communications international added a consumer customer care center with 90 customer service and sales agents. They added also in the center 55 positions in the local markets division. At the holman building, which, as you know, is being converted into a rowing facility, it will also become the location of group mckenzie, a 40-year-old company retained in Portland, an architectural and engineering firm, and we've recreated coaxis a lake oswego software company that will bring its total employment force from both Portland -- or excuse me -- from Oregon and maryland, which will bring 185 jobs to the new facility. 100 jobs are new to the city of Portland. At woodland park hospital, we worked with the hospital and the buyout group there. This is an employee-owned firm now. They will add about 205 employees located at gateway on southeast 102nd. P.d.c. Participated in helping to structure the loan package necessary to incent them to reopen the hospital, make it possible for that to happen. Oregon steel mills in the last 60 days, through the efforts of the Portland ambassadors group, announced it would bring up to 200 new jobs to the Portland area by the fourth quarter of 2005, including a \$35 million private investment. They anticipate that this will generate a substantial amount of export activity from the port of Portland as well. There are some other economic success possibilities on the horizon. Freightliner on swan island, as you know, has now, or is in the process, of adding a second work shift to add about 700 full-time employees. And we are working with them to continue that expansion activity and hopefully will have announcements to make in the future. We are continuing to implement the retail strategy and working closely with the bureau of planning on the midtown park blocks, and shortly would anticipate that the bureau of planning will announce a new plan with the assistance of the parks and recreation bureau, the Portland development commission, to retain those independent retailers and provide a new home for additional retailers in the same area. Again, being assisted by the Portland business alliance. There are other successes that we hope we can announce shortly that we can add to this success list. In particular, the siltronic location of a 300-millimeter facility. We've been working for about nine months on that recruitment. We're within about a month, we believe, of the company's decision, and we hope obviously that that decision will be positive. This means that with siltronic, 500 jobs, if we were successful, we would add -- will have added in the first quarter alone 2,000 new or retained jobs in just two or three months. Bob will talk about the economic development strategy update that you have in your packet.

Bob Alexander, PDC: Good morning. Thank you for the opportunity to discuss economic development and the strategy which mayor Katz and tom just outlined. The achievement of this last year were based upon that strategy. And which was developed by a blue ribbon committee in 2002. Over 200 people participated in the various subcommittees and the blue ribbon committee. The entire report actually, however, a 23-page summary, included in your packet. The economic development strategy is summarized into at the point key categories -- land and buildings. Transportation. Business climate. Business formation. Work force education. Central city. International trade. Marketing. Targeted industries and implementation. I'll highlight just six of those for you today based on the interest of time, but we have had key results in each one of those categories. First of all, in land and buildings, the strategy to preserve, protect and redevelop industrial sites within the city of Portland, expanding or creating new urban renewal areas to address a larger proportion of the city's industrial land supply. Two highlights include completing the initial steps to form an industrial u.r.a. for the portions of swan island, and others. Further we did an analysis of our industrial lands. One which characterizes our industrial land supply. We

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have less than 143 acres of industrial lands in tier a, which means it's immediately developmentable. As small as it is, it's divided into 41 parcels. So we also will be looking at in depth 38 industrial sites, which has characterized their redevelopment potential. It describes the condition of each parcel, the position of infrastructure, ownership, etc. The other -- the next strategy is transportation. The city should work to maintain and strengthen transportation systems and infrastructures serving Portland. We've got some great successes to talk on the air side with the port of Portland's efforts primarily to recruit lufthansa, mexicana, northwest airlines, establishing international connections. Specifically we supported the travel bank concept which guaranteed booking the flights and participated in the planning and execution of the initial presentation to lufthansa and subsequent visits. I'd also like to highlight the telecommunications portion of that transportation issue, and it indicated to support the continued expansion the state-of-the-art communications technology for Portland businesses, along with city bureaus, our economic development staff has helped assemble the Portland telecommunications steering committee made up of private and public. We also modified and marketed existing p.d.c. Assistance programs to induce further expansion of the broadband communications capability. Now we are working on deployment of a citywide wireless network. You'll be hearing more about that in the days to come. Relating to business climate, create and maintain a business climate that is understandable, predictable, stable, timely and customer-driven. The bureau of development services has established a small business liaison to assist with permitting and regulatory issues, together with p.d.c., small business advocate, and b.d.s., small business liaison. They're working together to assist businesses with permitting issues, to define and develop the role of small business liaisons within other city bureaus. Under business formation, to assist in improving the availability and information about capital to local businesses. We've modified the quality jobs program and we've also created an economic opportunity fund to address the needs of business in urban renewal areas. These programs additionally support the needs of small business by increasing the benefit of those companies with the first few jobs created. Under work force and education, the city should make a strong commitment to ensuring long-term competitiveness of Portland's work force. We've expanded training and vocational education for high-demand occupations, leveraged money to pay for welder training for gunderson at the lents tech center. In addition we regularly partner with work systems, inc., to ensure the work force and training needs of existing businesses and new recruitments are met. Under targeted industries, this is a major way we address needs of our industry. You know, the task says address industry, identify needs of established industry sectors, and existing businesses within the city, particularly small business. And our department has supported the following targeted industries -- bioscience, creative services, distribution logistics, energy, energy technologies, food processing, innovation, high technology, which, by the way, includes software and open source, the wi-fi, wireless, flat panel display and silicon, high tech, metals, professional service, transportation equipment.

Mazziotti: Looking forward to the activities that we intend to move on in the next quarters and beyond, there's a series of activities that I think you're familiar with, but i'll just highlight them. First there are three very large holes in the ground at south waterfront. And construction is well advanced on the development of three new structures, one of which the headquarters for ohsu we anticipate will be a very significant magnet for companies who choose to locate research-related facilities in south waterfront. In fact, those activities are under way now. I can't characterize them further, but I can tell you that it's attracting a tremendous amount of interest among companies in are medical instrumentation and other aspect of the biosciences. We will continue our effort to recruit siltronic. If we're successful, we'll immediately begin to recruit the supply chain components of that company so that they establish headquarters here or establish major distribution channels so that siltronic can take advantage of them. If the siltronic equipment is not successful, we'll continue our effort to advocate for the formation of an industrial urban renewal area, so that we can do the work to clean up the brownfield sites which are a part of that industrial u.r.a., and we

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have no other means of accomplishing that. We'll expand our activities to create forums for businesses, particularly in metals and transportation equipment industries. Many of the councilmembers have attended those sessions and discussions, they've proven extremely informative and helpful to the industry. They've told us they'd like to continue that work and we're hoping to accomplish that. We also hope to produce a project-ready land from the 48 potential sites that have been reviewed. We're looking to identify additional land that can be added to our industrial land inventory. That's the second or third phase of the work we have under way. We are developing regulatory reform ideas for brownfield redevelopment and working with the city's legislative representative to identify ideas that might make it easier for us to reclaim the thousands of acres of land that are currently brownfield classified. We'll continue to support the expansion of the state-of-the-art technology, communications technology that bob referred to, and we're working to leverage resources outside of renewal areas so we can extend our financial assistance to businesses in the 86% of the city that are not covered by urban renewal or tax increment funds. We've got our work cut out for us, but I think that we've got the systems and the people in place to carry that momentum forward. Do you have anything else to say, bob?

Alexander: Yes. I'd just like to thank the council in conclusion for its support of economic development and the efforts made on behalf of job creation in Portland. My hope going into the latest downturn in our economy was we might have some tools to assist businesses that utilized, as the economy recovers, and maintain them during the good times, when businesses are actually making the expansion or relocation decisions. That has been realized to date. The key to a successful long-term strategy of economic development is to have the consistent programs and policies to assist job creation. I hope you agree that we've got a great story to tell, one that is a great investment on behalf of the taxpayers and one that will continue to not only provide jobs for our residents, but a terrific return on your public investment. So thank you.

Katz: Thank you. Let me add just one thing, that since the report we started to see demographic shift in the city of Portland with the attraction of what I call the young and the restless, the 26 -- 24 to 35, number of young people coming into the city has increased dramatically, and we're probably -- probably now one of top three cities, certainly top five cities, in the country that are quirky enough and have the quality of life that people are seeking that attracts young people. And the importance of all of that is that they're well educated. And they're the next work force. If you go to visit companies that are constantly innovating and changing, most of your sportswear companies here in the region, you can't find anybody with gray hair. And those are the people that are attracted and have jobs. Most of these young people are working. They're in the software, arts, they're also entrepreneurs. You've met some of them when we gave small, little grants to them. And a very important part of what we call the creative economy, which embraces the green economy, the sustainability economy, and provides the city of Portland with -- with something that most other cities just don't have. So that was not as evident as the time that we started, though we knew something was happening in the city, and now that people have actually researched it, it's one of the most positive economic changes that have occurred over the last two years. And the progress is continuing. Ok. Questions?

Francesconi: Just one or two. Bob, your last thing, your last summary, was terrific, reminding us that the focus has to remain on economic development, even as the economy -- economic development even as the economy improves. Your message was received.

*****: Thank you.

Francesconi: Don, the question, could you see a little bit more about financing tools that would allow jobs assistance outside of tax increment districts?

Mazziotti: Commissioner, as you know, we've had discussions through the small business advisory council about the need for redevelopment, or at least additional development of the city's business districts. While many of those districts lie inside renewal areas, many more are outside. And we

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think that we need to identify some means of assisting those unique areas. Each of them have their unique attributes. Each are significant employment centers for the very people that the mayor has alluded to, the young and restless. And so we're searching for financial alternatives that would allow us to participate in those kinds of districts. One of the notions is to submit a new market tax credit application that would cover all 32 or so of those districts that lie outside of urban renewal areas, and see if we could utilize the power of tax credits to help those business help themselves and improve the districts as well. We're in discussions with b.d.s. about a pilot area, expediting permits and other kinds of incentives to help the business districts of the community prosper. That's next on our agenda.

Francesconi: My only suggestion on this, not to the point of modifying the report, but it's great, and the focus should be on the central city as the economic vitality, as the top priority, but we have hollywood, lents, which is an urban renewal district, st. Johns, which is not, gateway which is, and so tying our land use policies to the town centers and regional centers as kind of the second tier, and then the main streets which you just referred to as the third tier. Then if we could coordinate our capital budgets here at the city to focus on those town centers, as you're focusing on incentives, as well as permitting, there's a lot of jobs being created in these main streets and town centers.

*****: Uh-huh.

Francesconi: And for a lot of folks. I've just been impressed with the quality of jobs that are theirs, too, but if we could help market those areas, help recruit to those areas, it would be a good thing.

Mazziotti: We would love to have your assistance in that regard, having those discussions.

Francesconi: The only other -- that's it. I can save it for my -- at the end. But this is a great document. Bob, did you want to respond?

Alexander: I may just add to that. We, as you may know, are looking through our small business advocate into several community-based, neighborhood-based areas to look at, and I think right now the recommendation is to look at five different areas, some of which you've mentioned, and that question, of course, comes up about funding and how we fund that effort, but we're at least starting to look at that, sort of a main streets program, if you will, looking at community development.

Francesconi: We did have a little fun that I kept alive -- fund that I kept alive until its death, was to deal with main streets, and with town centers, especially commissioner -- remember, we finished hollywood/sandy, everybody was excited about hollywood and sandy, it was a great plan, nice controversy that was resolved, and then we had no money. And so one of the -- one of the infrastructure issues is to have a set aside for main streets and town centers, especially where there isn't an urban renewal district. But, you know, most people aren't aware of the reductions that we had to make and the impact on the city, which is too bad. However, you're doing good work.

Mazziotti: Thank you.

Katz: And it's quiet work, it's not a lot of notoriety. People don't like to hear good news, and subsequently all we hear is that -- consequently we hear, we are this, we are that, not interested in business. Not true. Thank you for proving that.

*****: Thank you.

Katz: Ok. Anybody else want to testify? Roll call. I'll take a motion to accept the report.

Francesconi: Motion.

Leonard: Second.

Katz: Roll call.

Francesconi: This is a terrific report, because it documents all the efforts going on, and successes right off the bat. A couple of the strategies just to highlight, the idea -- we need to do more, and continue to do more, on the business climate side. So the first strategy here is create and maintain a business climate, understand predictable, stable, timely and customer-driven, does not mean weakened environmental laws or weaken the quality of life that works to our advantage, but there's been a lot there. I'm particularly pleased with how we focus on ohsu and p.s.u. over the years. It

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would be nice if we could assist that engineering building further so that that can be done at Portland state. Then I really like the emphasis on the creating and supporting an entrepreneurial environment, and all the focus on small business, on startups, on marketing the business districts, because then our small businesses grow into big businesses and they're here. And I appreciate the council supporting the small business council and Jennifer, but P.D.C. has really integrated this into a very real way. There are some additional cost factors we have to address, but we're making progress. And I guess the final thing I want to comment on is the work force and education strategy, which in the end may be even the most important. So with Vicky Philips coming here, and I organized a meeting with Vicky Philips, the president of P.D.C., five of the major metals manufacturers, P.D.C. was there to introduce Vicky Philips, because there's a great opportunity here to -- as she's looking -- and to redesign high schools, many of which are broken, as we're having these infrastructure investments at South Waterfront, at -- in transportation, as the work force is really aging and we're going to have a work force crisis down the road, the unions were also present, they're losing members, so there's a great opportunity to help our economy and help our own kids get into this economy as we make high schools more relevant. So your metals consortium is a great example, of making sure we have jobs and they benefit our residents. In the end, in order for us to sustain an economic development strategy, which we must do to fund parks, police, schools, fire, we have to -- our own residents have to feel like they can get into these jobs. So it's terrific we're attracting higher-educated people here, the way the mayor said, but the truth is only about 35% to 40% of our own kids still go on to college. So we have to give pathways to our own kids into these jobs at the same time. This is a terrific, absolutely fabulous report. It is and it is good news on all the things that are happening. So it's up to us to market it, to continue to address some substantial issues that are out there. Thanks for your work. Aye.

Leonard: Aye.

Saltzman: Good report. Good work. Aye.

Sten: Thank you. And thanks to the mayor for good work. We're having microphone problems, so I'm speaking into all of these. I'm -- I just want to say, I want to be on record, I'm very optimistic about the future of Portland's economy. Aye.

Katz: Mayor votes aye. [gavel pounded] thank you, everybody. Let's take 1028.

Moore: Do you want to do 1027 first?

Katz: No. We're going to take 1028.

Moore: Ok.

Item 1028.

Sten: Thanks for taking this out of order, mayor. I wanted to take this opportunity to introduce Larry, the new economic opportunity manager at the bureau of housing and community development. And he's got big shoes to fill, but I think he can do it. One of the conversations that's really a subset of economic development, and I think I think it's critical, is how do you get low-income people to do better when the economy's better, something that I think actually didn't happen as much as I would like to have seen in the 1990's. We tried a lot of pieces, a lot of different things, and it's not easy. It's not something I think the government does a great job at, beyond doing job training and education. Last year the council adopted a new strategic plan, including an effort on affordable housing, homelessness, and economic opportunity. We reorganized the bureau and created this new position and recruited Larry to take it. Today actually we'll be brief and describe, this but I'm asking the council to accept the \$300,000 grant from the Northwest Area Foundation, which I think is real remarkable and a testament that these ideas are going in the right direction. Tomorrow we'll have a press conference with Northwest Area Foundation and United Way who have both decided to pool money with the city of Portland and putting almost \$1.2 million into 22 programs across the city. Sometimes we talk in broad generalities. The idea here is to help about

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2,000 families increase their income by 25%. And that's the goal we'll measure ourselves against. Larry, with that small task, welcome to the city of Portland.

Larry Howlett: Commissioner Sten, many thanks for my opening comments already. Thank you very much. Mayor Katz, fellow members of the council, my name is Larry Howlett, bureau of housing and community development. I'm a Portland newcomer. I'm recently arrived from Kansas City, Missouri. For all practical purposes I followed the Oregon trail for opportunity. I'm delighted to be part of this initiative that's going to be working with the Northwest Area Foundation. I for several years, in Kansas City, in a past life, worked with the Marion Kauffman Foundation, as well as with the Neighborhood Reinvestment Corporation, and as a program officer we were very excited about entering into partnerships with community-based organizations, as well as with various municipalities. So the opportunity to be able to have the Northwest Area Foundation, which is based in St. Paul, Minnesota, to partner with us, is highly exciting. They work in an eight-state region, and Oregon happens fortunately to be in their area. The Northwest Area Foundation, their mission is focused on reducing poverty. They look at long-term solutions to reduce poverty. That's a bold statement for them. But the bureau is really focused on, in complementary efforts with Portland Development Commission, which by all means, as a newcomer for me, I'm learning a lot as far as what they're doing, this was an excellent report that my predecessors just submitted, and I intend to make every initiative all the more focused on working with them. Our particular focus is working with, if you want to say, a market niche, a community niche, that is targeted for jobs and work force opportunities and economic opportunity initiatives, centered on entrepreneurship for low-income population that has not benefitted from the 1990's, the booming economy of the 1990's. As we anticipate movement for more positive movement for better economy now and in the future, we want to make sure that that population base is part of the strategy and part of the opportunity. We want to make a bold claim that they, too, can aspire to prosperity, to wealth-creating strategies for asset development, for income support, and essentially to be able to be part of this economy. They'll be better taxpayers, spark off spin-off activity with purchases, and for all practical purposes, there's demonstrated studies that suggest that if you are economically fit, you are more engaged in civic activity. For all practical purposes, people that we also want to work with, will also become civic assets. Anyway, what I want to propose is that we accept -- accept the \$300,000 investment that the Northwest Area Foundation wants to make. They are going to be here, as Erik mentioned, tomorrow to have a formal endorsement of that following -- pending our approval. And I want to just say that for the 22 organizations that we're looking at to fund this year, this \$300,000 investment will definitely complement what we're obligated to do with our allocations from H.U.D. and come the community block grant. Without further adieu, I want to respectfully submit your approval for this. And thank you.

Katz: So what are you going to fund?

Howlett: I'm sorry, Mayor?

Katz: What are you going to fund?

Howlett: Primarily -- there's cap stipulations and -- and limitations with the community development block grant money --

Sten: We told the foundations we'd announce the funding tomorrow, which is why we're not doing it today. We have to accept it beforehand. Give us a general sense.

Katz: Ok.

Howlett: Let me just mention a few. We're looking at trying to do, for instance, there's planning and administrative caps. For instance, the Housing Authority of Portland, a planning grant to help them develop a sustainability plan for their evening trades apprenticeship program. Another program is the Janus Youth Services, planning to develop a sustainable social enterprise for high-risk youth. And also, say, for instance, Rose Community Development Organization, identification of barriers to home ownership faced by low-income residents and planning of a new home ownership

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initiative in lents. Those kind of critical front images to be able to help them develop an effective program.

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

Francesconi: Welcome. Good to have some new talent, new energy, new experience here. I think that your point that you made when you introduced this, how you integrate this with p.d.c. and the private sector too is important for you to achieve the goals you set out. Welcome, though.

*****: I concur.

Francesconi: Aye.

*****: Thank you, commissioner.

Saltzman: Welcome also. This is really exciting to get this grant and the additional contribution for united way is really great. I look forward to finding out who the lucky recipients are tomorrow.

*****: Great. Thank you.

Sten: Aye.

Katz: Nice to have you here.

*****: Thank you, mayor.

Katz: Aye. [gavel pounded] all right, 1027.

Item 1027.

Katz: I asked -- actually he asked me, commissioner Saltzman asked me, if he could say a few words. Two of us were not here, not that we don't know what the issue is, but we didn't hear his opening remarks. He would like to make some brief, brief opening remarks. Then I understand there will be potentially some amendments to this. And I would like to put them on the table, see if anybody's interested, not take a vote at the very beginning, because i'd like to open it up for some testimony. I'm not convinced there was enough real testimony on this from the public. I may be wrong. Ok.

Saltzman: Thank you, madame mayor. As I said -- or as I requested of you, since two of you were not here last week, i'd like a chance to once again describe what i'm proposing and to ask for your support. Just to go back real briefly, what we're doing is propose to cap the dollar amount that sewer and water ratepayers will pay to the city's general fund. And to cap it at this year's level of just under \$17 million. Capping this utility license fee will provide our water and sewer ratepayers with some much-needed relief. The history of this proposal to cap goes back to may, when we were setting our water and sewer rates for this fiscal year. As you know, many people feel -- and businesses in particular and residences -- really feel they're at the breaking point. We have the second highest water and sewer rates in the nation right now. So during those deliberations last may, I alerted the council that I was going to bring forward this proposal at its current -- to cap the utility license fee as a way to begin the dampening of the rate increases in water and sewer rates. I spoke, I think, with each of you at the time and got some of the informal head nod, because I certainly don't like to go off chasing wind mills if I don't know anybody's going to be interested in the final product, because figuring out how to do this was extremely complicated. I got informal head nods I think from all of you, with perhaps the exception of the mayor, to go ahead and come up with something. Over the course of the summer, my staff, as well as those of the environmental service bureau, the water bureau, and office of management and finance, worked diligently to bring forward this proposal, that we had the first reading on last week. As I said, all the council offices were made aware of this and were invited to participate in its formation. The reason for doing this is because water and sewer rates are increasing at what many would consider an unacceptable rate of increase. We've heard from our commercial manufacturing customers in particular their pressure to relocate to other cities because of the competitive imbalance that we have, particularly in our sewer rates. Many Portland companies have water and sewer bills upwards of a million dollars a year. I told the story of dean foods last week. They own steinfeld's, nalley's, a national,

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international company, I met with them back in april. They were telling me that the unit sewer cost they pay in Portland is twice that of their green bay facility, of their colorado facility, and these are facilities that are actively -- you know, they may be merged into. We may lose jobs here because of that, and cucumber farmers are going to be hurt also. More threatening as a nation, this facility could easily be sent overseas where the sewer rates are even less. We'll lose 150 jobs in this country and again van impact on cucumber farmers. These are real situations. These are not things we're making up. So while the dramatic rate reductions will not be immediate, they will happen. We will save, in water bills, alone, \$5.5 million over the next five years, and those savings will continue to grow into the future. They'll grow larger. And those are real dollars staying in people's pockets. We heard this morning in our p.d.c. breakfast about how people's expense are outstripping their revenues. In fact, we heard that yesterday at our own council budget session, how our expenses are outstripping our revenues. This is one way to at least help people reduce the expense side of the equation. You know, per capita income is not increasing very much. One way to deal with it, to increase per capita income, is to cut down on people's household expenses, and I don't think any of us don't know that water and sewer bills are a major part of household expenses. Sewer ratepayers will save approximately \$156 million over 20 years with this proposed limit. This also isn't small change. While there's been a tendency to sort of say, a penny here, a penny there, what difference does it really make? You know, \$156 million, \$5.5 million, saving \$15 million in ratepayer money over five years is a real impact. Now I understand, and appreciate, the impact this can have on the general fund. And we have worked to keep -- by capping the fee, we're still contributing \$17 million a year to the general fund. But I do believe ratepayers are at the point where we need to really tilt the balance, change the course of the ship, and put it in the right direction of saying we recognize it, we get it, the city council gets it, and we're taking an action today to begin to dampen future rate increases in water and sewer. And it's going to have a cost to us, but it's a manageable cost. It a \$1 million general fund impact in the first year. It grows. We've managed that. We just managed a \$4 million police arbitration award at the 11th hour we didn't expect. You know, we came out of that. I'm confident, with careful planning, and by passing this amendment today, that all of our bureaus will have the instructions in place, and they'll know what they're dealing with in the next budget year. So I think this is a chance to show people. We hear it. We get it. And I urge support and I'll just close by reminding people of who the supporters that we heard from last week and in the ensuing weeks are. We've heard from our own Portland utility review board, the Portland water users coalition, the port of Portland supports this, the alliance of neighborhood business associations supports this, and the Portland business alliance supports this. So I would urge that we keep it simple, keep it understandable to the public. What were doing is rate relief pure and simple. So I would urge that we adopt the amendment.

Katz: Ok. Anybody here have amendments? If not, then we'll take -- you do. Ok, why don't you share the amendment. Let's find out if there's two other votes. If there is, we'll leave the amendment on the table, then open it up to public testimony. Anybody else have will do the same thing. But only to the amendments.

Leonard: Has it been distributed to the public? The amendment that I distributed has in bold what the proposed changes I would propose would be. Let me clarify a couple things. I did meet with commissioner Saltzman early on on this, and maybe I wasn't as clear as I should have been, but I did raise concerns at the time about the impact on the general fund. I also shared commissioner Saltzman's sentiments with respect to the too high water and sewer rates in the city. So there's a balance that has to occur in that debate. What I proposed here really does the same thing commissioner Saltzman is proposing doing, with the exception that it puts a floor of 5% on the utility license fee payments, so that it freezes the amount that the general fund receives as he has proposed in his original ordinance, and it freezes that, and the exception being it that it becomes unfrozen when it hits 5%, and then -- of gross revenues, and then increases at a consistent 5% from

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that point on. So the basic difference being we're at 7 1/2% now, this would drop it to 5%. Second thing that it does, is that in the context of the debate -- the discussion we had this morning on the needs for that fire bureau, for an example, we have services that we provide that protects the life and property of Portland citizens. When i'm making decisions like this, it's important for me to balance the economic impact on the one hand that the -- that the high sewer and water rate have on the business community and our residents, but on the other I have to consider what happens at 3:00 in the morning at the hilton -- if the hilton hotel catches on fire, and it's filled with occupants and we don't have the staffing to do an adequate job. So there's a balance that I think I need to try to achieve in accomplishing this. That speaks to the second part of this amendment, which directs the office of cable communications and franchise to look at establishing a consistent fee structure for all utility franchises that receive general fund revenues for in the city. Our current structure for utility franchise fees is probably three generations past due. It doesn't recognize the current technologies. And because of that, revenue that we had been depending on and receiving on a consistent base is dropping precipitously. We have been engaged, before this even came up, including with the mayor and the office of finance and administration, in looking at developing a consistent citywide franchise fee policy that would be updated to reflect current technology and establish identical rates for all franchises, because I would agree that these various rates are very inconsistent and hard to defend. If the council adopts this, this ordinance, the impact then would be to -- would be to identical to what would it be in the short-term, I think actually for the next five or six years if we adopt commissioner Saltzman's proposal. And then at that point this 5% floor would kick in. And second, it would require us to come back. I anticipate we would be coming back sometime this fall, certainly before winter, with a larger package that speaks to this more consistent policy of franchise fees in general, including water and sewer rates that we would then have this further discussion on that I think would also include us having to make these tough choice that would require cutting basic services by adopting some of these -- these measures now.

Katz: Do you have a fiscal analysis of this?

Francesconi: It's the same.

Leonard: It would be the same, because it does precisely what commissioner Saltzman's saying, except that I think we've decided -- commissioner Saltzman, correct me if i'm wrong -- that in five or six years this would drop to what would be about the 5% level.

Saltzman: That's what we believe. I mean, that's what we believe to be the case, yes.

Leonard: But it would have, unfortunately, the same impact. The other part of this, though, that I want -- I don't want to say so much that I get ahead of myself on the second part, but the second part I consider a method by which we could adopt reducing the franchise fee for water and sewer, while at the same time gaining other revenues that would make up for that loss. We wouldn't necessarily have the tough choices to make in reducing public safety protection if we just exclusively adopted the ordinance as proposed.

Katz: Let me just make a correction. That is a \$3.5 million impact over five years. It may be one for the first year, but we don't budget that way, we budget over the five years, so you forecast that amount and don't find yourself in the hole every year.

Francesconi: Here's where i'm at. I need to hear testimony. And I did meet with commissioner Saltzman early on and I appreciate the intent and the reality that we need to cap utility franchise fee. In fact, it's something I proposed in the year 2000. So what I asked for is some alternatives that we would present, and a way that we would pay for it. That's the discussions we had. Now for legitimate reasons, commissioner, you've chosen this approach. But I have been involved in this discussion, and we wanted to present some options, mainly how we're going to pay for it. So I had a proposal that would target -- that would cap utility franchise fee, adjust it for inflation, target it to low-income folks, so they would see more than pennies for the relief, because this is a group that is really struggling. I don't believe there's a second for that, mayor. And so i'm not proposing it now.

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So we have these two alternatives. What I think is we have to cap the utility franchise fee, because the current system we have is not fair, and it's not right, but we have to also do it in a way that we're not closing fire stations, we're not closing community centers in order to pay for it. And we also are going to get some real relief to ratepayers. The problem i'm having with this proposal is it doesn't do that. The savings don't kick in until further down the road. In the meantime we have a \$3.5 million hole to fill. As I said yesterday, we have to know how we're going to fill it. What I think should happen is we should not wait until next year, the budget process, that we should get commissioner Saltzman together with commissioner Leonard and the ideas that he's floated here. We should present a proposal to us in October or November that talks about how we're going to cap the utility franchise fee, and how we're going to fill the revenue -- i'm not saying all the revenue either. My proposal would have required half of the immediate cut to the general fund. So just we're going to show where the reductions are going to come from. We're going to show where the revenue is, and we're going to cap it all at once in a process so we know what we're doing. To me, that's what we should do, Mayor.

Katz: Ok. Let's go back to commissioner Leonard's amendment. What's the sense of the council?

Sten: I'm going to second commissioner Leonard's --

Katz: There's a second. Are there three votes interested in that?

Saltzman: I'd like to hear testimony. I'm interested. I also have questions, but I guess maybe we should have the testimony first.

Katz: We'll have the testimony first. Depending on what happens here, I may extend it for another week to get some fiscal analysis. We're kind of putting a finger in the air in guessing. We can't do that, because all that's translated into budget reductions. So if there is some -- if there is support, then we need to have the information from our fiscal office --

Saltzman: We have the information. I mean, it was written up and the council --

Katz: Yeah. I'm talking about commissioner Leonard's. I know you say it's the same, but I need to make sure, we have to double-check it.

Leonard: Ok. The only difference is actually that the direction to office of cable will actually, I think, end up accomplishing what commissioner Francesconi wants accomplished, to create revenue to make up for the revenue that we would lose.

Katz: Assuming there are no legal barriers and assuming the council adopts it.

Leonard: That's precisely what we're working through as we speak on those issues.

Katz: Ok. There's at least three people interested in commissioner Leonard's amendments.

Commissioner Francesconi's amendment? I would be interested in hearing further testimony, but if there's not three, we won't bother. Ok. And let's hear some testimony on the amendment. Then we'll take a vote.

Moore: Ok.

Lise Glancy: Probably violating your rule. My name is Lise Glancy from the port of Portland --

Katz: What rule?

Glancy: I thought you wanted only testimony on the amendments.

Katz: You're not going to violate the rule. Just on the amendment.

Glancy: Ok. Anyway, Lise Glancy from the port of Portland. Thank you for having me up here today. Last week we submitted testimony from Bill Wyatt about the utility franchise fees supporting commissioner Saltzman's proposal and we continue to support that. We believe that's the fairest approach since the fee has grown, at double the rate of the general fund in the last 10-plus years. It's grown, in fact, due to cost of stormwater system increases, and the fee has been higher than other utilities as commissioner Leonard points out, which is unfair, I think. And certainly the disruption on the system is less for stormwater than for other utilities. So we believe the cap is long overdue. The port and the purb have advocated for this since 1999 when we had rate restructure

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discussions. Again, we urge your support of commissioner saltzman's cap and we also urge your support of his other efforts of cost containment. Thank you.

Allen Sprott: Allen sprott from cascade general. We operate Portland shipyard down on swan island. Provide ship repair services, as well as oil recovery and wastewater treatment services. We, too, support commissioner Saltzman's cap without a floor. We are a large utility, both water and sewer user. It's an integral part of our business, those services are. We have, and will continue to implement conservation measures on our part to control our costs where we can, but there are certain things that we cannot do, and the rate setters have a large part to do with -- with our costs of operating our facility. As lise said, this is something that's long overdue. We believe that a cap or some control on utility services is needed, particularly in light of the c.s.o. project, where we're beyond any reasonable business planning horizon, we will see rate increases attached to that project, and at this point any little bit will help. So thank you.

Katz: Let me just remind you, we're addressing an amendment. It's not commissioner Saltzman's issue right now. That will be addressed in a few minutes. But it's commissioner Leonard's amendment.

Sprott: We want commissioner Saltzman's as it stands without amending to institute a floor.

Katz: The reason for it not having a floor?

Sprott: Basically because we believe there needs to be some rate decreases or rate control on both sewer and water, and as we spill out further in time into the c.s.o. project, and paying for that, once the 5% cap kicks back in, there's still -- now we're back into essentially the same situation that we are now.

Katz: Ok. Thank you.

Kent Craford: Mayor Katz, commissioners, good morning. My name is kent Craford I'm the director of the Portland water users coalition. As you know, we're a group of large industrial and commercial water and sewer customers. We include dairies, hotels, manufacturers, nursing homes and others. We also support commissioner Saltzman's proposal as is with no amendments. I thought it was interesting that this issue comes on the heels of a report on economic development in the city. By the way, i'm also here speaking on behalf of dean foods, one of our members. They're very interested in this issue. Unfortunately they're right in the middle of their fresh pickle pack this summer, and so they are just working round-the-clock. In the p.d.c. proposal that we saw, it was interesting to see these targeted sectors, food processing, high tech, metals. There's nothing better this council can do today to help those businesses than support this proposal without amendments. If you are a business that's already in Portland, or a business looking to expand, like siltronic, these are very high costs, especially for the high-tech sector. And it's important to keep these costs under control. Keep Portland competitive. We strongly oppose the amendment that commissioner Leonard is putting forward. We unfortunately found out about commissioner Leonard's amendment at 4:00 p.m. yesterday. We've been working on this for months with commissioner Saltzman, with other ratepayer groups, with the purb. We feel this amendment really doesn't follow the spirit of the deliberations we've been in, and we do oppose a 5% floor. I'll tell you why. You know, Portland ratepayers are picking up the tab for the entire cost of the \$1.4 billion big pipe project. 5% of that is \$70 million. I'd like to know why the city is going to require Portland ratepayers to pay an additional \$70 million on top of \$1.4 billion we're already shouldering. I'd like to know why. I'd also like to know why, when we found out just two weeks ago that the project will be going \$200 million over budget, why we have to pay an additional 5% tax on that cost overrun. Why should the city general fund profit on a cost overrun? Why should the general fund deserve an additional \$10 million? On a cost overrun like that. So I, again, just like to stress, we urge you to vote today to approve the proposal as it stands without amendment, and appreciate your consideration of this issue.

Katz: Thank you.

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Leonard: If I could clarify one point. I think there might be a little confusion. Our intent would be to -- if we came back with a proposal -- not if, when we came back with a proposal as a result of these further discussions, that the office of cable and communications, would be to immediately implement the 5% floor. In the current proposal, that would be six years out. And what I'm envisioning having happen is fully a 1/3 reduction in the cost right away if we have this larger package that can help fund it. So, yes, there would be a floor that's not in commissioner Saltzman's proposal, but also an immediate 1/3 cut in the rate.

Katz: I'm sorry, let me --

Saltzman: That's different than what your amendment says.

Leonard: The amendment says 5%. And then to direct the office of cable, communications and franchise, to have a consistent fee structure. My intent with that is to go and do an analysis, as I spoke to earlier, of these -- of the current franchise agreements that we have, redo those, and then establish franchise agreements where we have none. I'm trying to be a little circumspect in what I'm saying here. The result of that will be, I think, because of us updating those franchise agreements and creating them where we have none, where there should be some, an increase in revenue. Our discussions have been, then, to bring back a package to the council that would be a consistent package, for an example, and I want to make clear I'm saying for an example, a flat across the board 5% that would be implemented that would immediately start generating new revenue in other areas, but in this particular proposal we would be able, I think, to fund the reduction as part of that package right away instead of waiting five or six years. So it would be an immediate relief.

Katz: Let me see if I understand. The reduction doesn't occur until the remainder of the package goes into --

Leonard: That's correct. What we'd be voting on today is essentially commissioner Saltzman's proposal with a basement of -- a floor of 5% that would kick in whatever those revenues would drop down to that 5% level. By the second provision that we've added in here, I'm envisioning coming back sometime late this fall with a package that has kind of a revamping of all the franchise fees, and an updating of franchise fees that would allow us to present a package that could immediately implement a 5% across the board for everybody, not just implement this over a period of years.

Saltzman: But if that package, for whatever reason doesn't happen then if the same thing happens under my proposal as under your proposal, except the floor kicks in.

Leonard: That's right. That's exactly right.

Katz: Ok. Let's move on.

Moore: Ok.

Scott Andrews: Good morning, mayor, commissioners. I'm Scott Andrews president of Melvin Mark Properties and chair elect to the Portland Business Alliance. Most of my testimony would be a duplicate of the last three gentlemen, so I think I'll just focus on the amendment. I could say personally and from the point of view of the business alliance that we would support an amendment that cut the rate immediately to the 5% level, but the amendment that would provide for leaving the cap at where it currently is, to the point where it gets to 5%, and then reimplemented is something that we wouldn't support, because it would only provide relief over about a five-year period of time, and we'd be back in a situation where the ratepayers -- we'd be paying this tax again. It would be increasing again. So thank you.

Katz: And if I just understood, commissioner Leonard, there's no guarantee that that second package would be implemented, so you're really basically cutting it to the 5--

Leonard: We are, but frankly we had discussions earlier.

Katz: I know.

Leonard: We spoke with some in commissioner Saltzman's office, he was not available at the time, where we actually asked to postpone this discussion just for a few weeks, because it feels a little bit like commissioner Saltzman and I are actually on parallel tracks, he's just a little bit in a little

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different place in time than we have been, and what we were trying to do was to incorporate that discussion into this kind of staff level discussion, and then fold out this larger proposal that would deal with all of these franchise fees in a package, including this, that we would hope would implement immediate relief, drop it, as I said, a full third upon passage. So it feels a little bit like we're ahead of ourselves on this side.

Francesconi: That's why I said what I said.

Katz: That's where both of us are at quite frankly. I think you could probably get the support of the entire council, for those of us who feel that, yes, rate relief is absolutely something that we need to focus on. I've been focusing on keeping the rates hopefully as best as -- as low as we possibly can, because those are going to continue to go up anyway. You can give relief with one hand, raise the rates with another hand. That doesn't make much sense. If we can find additional opportunities in the scheme of things, to -- to come in with a -- a playing field that doesn't really change very much, just shifts who's going to be paying for it, and reducing payments to those that are really in need, that makes a little bit more sense.

Francesconi: Well, as part of that package, to get real rate relief, whether we're talking about 92.5% of the water in the budget, or 95%, or under your proposal, 100%, if we eliminated the cap completely. Most of the money is on the infrastructure and past issues, like the water billing situation that have happened. What I want to see is what efficiencies are happening in the other bureaus to match what efficiencies are happening on the -- on the general fund bureaus. So as part of this package, I want to see what's happening, on the other 95% of the dollars, so that we can wrap this thing in and give real relief. That's got to be part of the package discussion.

Katz: I want to remind everybody, I thought we had reduced the franchise fee.

Sten: We did reduce it a few years ago.

Katz: Does anybody remember that? I didn't hear any testimony relating to reducing the franchise fee.

*******:** I remember it it.

Katz: We do. I think we're the only ones.

Andrews: It may have been reduced as a percentage, mayor, but my guess is given the increases in the water and sewer rates over the last few years, the actual number has gone up quite dramatically.

Katz: That isn't going to change much. I don't want to argue with you.

Leonard: I want you to know, I don't at all oppose anything that I've heard that opposes this amendment that I've brought. I totally agree. And my effort, as is commissioner Saltzman, is to make Portland a competitive place to do business. There are other elements of the package that I'm talking about that we haven't discussed here, just because I don't want to get it out that would further enhance our competitiveness as a city, but would like to bring it out as a package at one time. And I think it would get us to a place that everybody wants to be at, on both sides of the spectrum, from commissioner Francesconi's concern to commissioner Saltzman's concern.

Katz: Let me say one thing. I guess I'm taking advantage because I wasn't here last week. Depending on which proposal, if you agree with the proposal before us, we'll have to make some reductions, assuming that we don't have a revenue increase. If you recall, there was an economic development fund that was created that totaled over \$2 million to help with the competitiveness of this city to provide us with tools because we had to make budget reductions, that was cut to under a million. So what you're doing is providing on one hand some relief, you're not really controlling the rates, and you're taking the ability of us to fund an economic development tool that in fact would help businesses in terms of location. Things that the alliance supports. My point is, you can't have it three ways.

Leonard: I think that if we would allow ourselves some time that we could have it three ways.

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Katz: We're going to do that. If the council is willing to do that. Go ahead, sir. We're making all kinds of decisions before we even let you testify.

Marty Wilson: That's ok. In fact, i'm seriously rethinking my position, should I just sit down and quietly leave. I never realized the utility license fee could generate such spirited debate. At any rate, i'm marty wilson, chair of the purb. Purb currently has eight members. We did take a look at commissioner Saltzman's ordinance, all eight members strongly favored that. We have not seen until I looked at it today commissioner leonard's alternative, so I don't want to comment on that. I want to make a couple of general comments that might be helpful, and that is that previous purbs as you know have consistently looked at an elimination of the utility license fee, or recommended at least a reduction of the license fee. So were not unique the current purb, number one. Number two, we feel this would be a good starting point and just a good starting point. Perhaps more importantly, though, is sometimes little things, and this really is a little thing, little things can become big things, and the fact they send a certain signal. That's what I think is important for the commissioners and yourself, mayor, to consider here, that this is a signal. Our rates have consistently gone up, up, up. They're projected to consistently go up, up, up. But I think what people are looking for is no dramatic sense that we can't -- you know, we can't reduce rates right now, but a signal that the commissioners are sensitive to the rate situation and start to send positive signals that they're going to do something about it. I think that's -- that's from the purb viewpoint.

Francesconi: That's good testimony, very good testimony.

Katz: Okay marty. Wait a minute your one of us we created you. How you going to cut - - where you going to cut \$3.5 million a year and grow it?

Wilson: Now you're talking generally, in the general fund, the \$3.5 million.

Katz: \$3.5 million.

Wilson: Mayor, I think it would be very tough, I wouldn't want to be in your positions right now, to be quite frank, because I don't see the current situation making anybody a hero frankly. I see tough decisions that have to be made. Sometimes those tough decisions, very unpopular when they're made, are the best decisions to be made. That's about the only advice I can give. Once a decision becomes simple and obvious, it's too late.

Katz: Thank you.

Scott Montgomery: I'm scott montgomery. I'm chair of the Portland parks board. I'm -- I come from a different viewpoint than what you've heard up to date, I believe. I'm very concerned about the impact that will occur to the general fund and how that will impact parks. We have appeared before you a number of times, and I think you know our situation very well, mayor. We experienced a loss of the -- set aside of about \$650,000, as I recall, during this last budget cycle, and we now are at a point where the \$2.2 million a year bond measure that was passed is the cuts that we have experienced now substantially equal that. So it's difficult for us to continue to function and deliver the services that we and I particularly, I think I spoke at least 30 times to groups, regarding this issue. The promises that we made, and they were very specific promises, are now being very hard to keep. And a \$3.5 million cut to the general fund will have, from my perspective, will have a terrible impact on the park bureau.

Katz: Thank you.

*******:** Good morning. Good morning, mayor, commissioners.

Katz: Morning.

Teresa Huntsinger: I hadn't been aware of commissioner leonard's amendment, so I was just planning to testify more generally about commissioner Saltzman's proposal, but my name is teresa huntinger, here on behalf of the coalition for a livable future. We're considered about the proposal to cap the water and sewer utility license fee, particularly concerned about the impacts that it would have on the city's general fund. It seems to me that this would result in -- it would be a gesture that would result in some sort of minimal cost reductions to ratepayers, while the impact that it would

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have on the general fund could be rather significant. Our members are particularly concerned about the impacts on the parks bureau, the parks budget. It's been a difficult year for the city as a whole, and I think that any additional cuts to the parks bureau that could result from this proposal would be unsustainable for the bureau, and that the citizens expect to have a well-functioning parks system. We don't want to reduce the level of services that we currently have. And I know that this year has already been a difficult budgetary year for the city. You also just went through the difficult process of reducing the city budget to pay for the police bureau arbitration, and managed to do that while preserving critical funding for affordable housing, which was very important, but I believe that the parks budget was not held harmless in that process, and I hate to see us creating another situation where we pit one type of critical city service against another. So from my perspective, it seems that the significance of the proposed cuts to the budget outweighs any benefits provided by this proposal.

Meryl Redisch: Good morning, mayor Katz and commissioners. My name is meryl redisch. I represent the audubon society of Portland. Like teresa from clf and the parks chair i'm also speaking in opposition for the proposal to cap the utility license fees. We, too, think that will result in a sizable cut from the general funds. While we appreciate the budgetary challenges that face you, and the citizens of the city, we are deeply concerned about what this proposal means to Portland parks. Does it mean a significant cut to the parks department over the next three years? Does it mean halting programs already in place? Programs and policies that are aimed at natural resource protection and stewardship, recreation and education. It's my understanding that some of the departments will be exempt, which means other departments will have to shoulder the burden. Like teresa pointed out, it seems that we pit one city department against another. And we are certainly not naive to think that if citizens are given the option between cutting police officers and cutting park maintenance, they would choose to retain police officers. Given the general climate of this nation, safety is a major concern. But we should also ask ourselves what really do our parks systems mean to our city. I believe that they mean that it's a -- parks are a source of a city's pride, a sense of self. It's a magnet for tourists and residents alike. It's one of the primary testaments of livability and should not be put on the chopping block. So in summary, the audubon society of Portland wants to just be on record as not supporting this proposal of capping license fees. The small savings that ratepayers might notice in their monthly bills will most certainly be noticed next summer when they visit their community parks or can't send their kids to community pools because they're closed. Thank you.

Katz: Thank you.

Michael Anderson: Mayor, commissioners, my name is michael anderson. I'm from the community development network. I'm happy to be here talking to you. For one, I in person did not get to thank the council for the passage of \$11 million for affordable housing despite the arbitrated police settlement, but I think that's a very appropriate segue to my comments today, which are that it was very, very difficult to figure out a way to find that \$11 million that I think we had total consensus on the importance of the expenditure. At the same time, as teresa pointed out in her testimony, and mayor, as you pointed out as well, there are hits that were taken to very crucial programs, the parks took a hit, your economic development program took a hit, public safety took a hit. All of those things are absolutely crucial to the maintenance of the city that we know and love. I'm going to say something that's probably odd to say, in this day and age, which is that I trust the city council with tax money. I think it's important that we collect public monies for public good. As was pointed out in my colleagues testimony, the ability of you all to use money that can supply a general good far outweighs the immediate small cuts given to individuals in a proposal like this. That said, I very much appreciate the spirit of commissioner leonard's amendment, because I think it addresses the more holistic view of if we're going to figure out a better way to collect money for the general fund than what's currently being done in the water billing situation, that we need to do it

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in a holistic way where there's not hits taken. We cannot afford another hit. I'd like to close my testimony, mayor, you were talking about the young and restless, being people without gray hair. I'm 33 and I have gray hair. I think that's because I --

Leonard: At least you have hair.

Anderson: That's because I come to testify about issues like this, where there's no money, and it makes my hair gray.

Katz: We're partners.

Anderson: So in the name of all of us who develop gray hair, trying to figure out how we need to squeeze important funding for important projects, I say let us find a solution to this problem, but not a solution that's going to cut into general fund. Thank you.

Katz: Anybody else? I think -- I want the council to think about this but I think we can get to win win. At least initially if everybody's willing. You're not willing?

Saltzman: No. I mean I want to --

Leonard: I think we should though.

Amanda Fritz: Good morning. I'm Amanda Fritz and I want to start by saying how very glad I am to see you here mayor Katz and thank you for your continued leadership of our city. I support the amendment and thank you for trying to minimize the harm that this proposal would generate for the general fund. I want to remind the council of our tax structure. I know that you know it but there's been very little discussion of it. We only have property taxes and income taxes. I want to also thank the voters of Multnomah county for raising our own income taxes to pay for schools and social services, which has made a huge difference to my children's education and to the patients that I serve as a nurse. And I hope that we don't have to repeal that which will create an even bigger hole in the funding needs that the city may be asked to help with. But this kind of fee is really the third leg of our tax structure. We don't have a sales tax and we are not going to have a sales tax and these fees are useful in spreading the burden and providing funding for things like parks, planning, police and fire, neighborhood improvement, and a myriad of other things. When you see the general fund it sounds like this huge slush funds of just nothing that isn't particularly important but it's not. It's a lot of the things the citizens care about most are funded by these fees and fees on sewer and water have the potential to be the most fair way of allocating, getting additional revenue.

A senior citizen taking a sponge bath is going to use a smaller amount of water than my three teenagers and who take half long hour long showers at the drop of a hat. And who also use more city services. We could even expand the discussion here to look at a fairer overall tax structure and a way to use water and sewer to further our goals in an equitable manner. I read in "the Oregonian" this morning that you had a work session yesterday about, we have some severe funding issues, ongoing. Mayor Katz mentioned that we haven't been able to fund the improvements of a great planning projects we do. We can't do anything about them because we don't have the money. We do have ongoing needs for affordable housing and parks and fire service. And other things that citizens care about. I heard that this proposal would only result in a 10 cent per week savings for the average ratepayer to start off with. I find that hard to believe. That's true?

Francesconi: That is true.

Fritz: For 10 cents a week, buddy, can you spare a dime? We are going to go for a \$3.5 million cut in the general fund? That doesn't seem sensible. It seems like a short-term gain to say, yes, we are lowering the rates but you are not going to lower the rates because they are going up because of the combined sewer overflow and those companies that are complaining about their sewer rates here compared with green bay I am sure that in green bay their not dealing with a huge pollution problem where the city's river is a sewer and needs to be cleaned up. And that's the main reason the sewer rates are high. If we really wanted to do something to help the average citizen, we would allow monthly billing instead of the big bill every couple of months and we would allow direct

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deposit payments so it wasn't such a burden to get your money in to the city and be able to collect more of the revenue. Please reconsider.

Katz: Anybody else?

Moore: That's all who signed up.

Katz: All right.

Saltzman: I would again -- encourage us to go forward and be decisive. We have heard the controversy. I believe putting money in people's pockets, however small, it's much more sizable, the rate relief for businesses. Putting money in people's pockets makes them more willing to vote for parks levies, for children's levies and be a lot more sympathetic to services right now to which they cannot feel they can afford because they are being tapped out either through property taxes, sewers rates, water rates. If we don't send a clear council signal that we get that message and we are going to make a small change in course that will dampen future rate increases, the savings aren't good initially but they build up over time. It's like compounding interest. The savings get more dramatic. \$156 million in sewer savings over 15 years is not small change. To any citizen on the street nor is \$5 million reduction in water bills over five years. Nobody's going to tell you that's insignificant. Sure, you can always divide it by a big divisor and make it sound like it's a penny but \$5 million, \$156 million, that gets people's attention. The impact on the general fund is manageable. Every year I have been an elected office I have been cutting general funds. And somehow, we are all still here. The services get done. We can manage our way through it. I believe it's important that council sends a signal, ratepayer relief trumps the impact on the general fund at this point and that we can manage our way out of this. I would support commissioner Leonard's amendment but most of all I support decisiveness to make a decision.

Katz: We need to take amendments first.

Leonard: I was very interested in his last comment.

Katz: There are some rules.

Leonard: I thought that was very relevant.

Katz: There are some rules I think we need to operate under. I am flexible but when you make an amendment the amendment gets voted on first. So you need to think about that.

Leonard: And I would just say to the amendment that everything commissioner Saltzman just said I agree with and is consistent with voting yes on the amendment. What I envision having happened, have happened is hopefully the 5% that would be implemented over the same time period you are talking about that would occur, that the amendment passed, we could actually accelerate with a package and hopefully we could get three votes for later this fall. And have immediate rate relief, and have a fairer, as Amanda says, the issue is really a more equitable way to raise revenue, which I completely agree with, implement a more broad-based equitable way to raise the revenue so that we don't have to have to come to this Hopson's choice. I think we can accomplish everybody's goals here and this is something that I know Tim Grewe agrees with, David Olson from cable agrees with, David Shaff from my office has been working on diligently and we have been really trying to bring this package here as soon as possible anyway. So this is just one more reason why I think it would make sense to get it before us as soon as possible.

Katz: Let me kind of share with you my intentions. My intentions are to take the amendment. If the amendment passes, we have to wait another week. Then I want to check in with the council to see whether they would be willing to set a little bit more time so that everybody, we give commissioner Leonard an opportunity to bring a full package. This doesn't get implemented until 2005-2006 so we have got a little bit of time. But I do want to build this into the forecast. I said -- I said that yesterday, we have potentially a \$12 to \$15 million liability that the council is going to have to face. This was part of it. And we need to build it in the forecast so we all get real about what we are going to have to cut. So it isn't somewhere out as I said in ether land. Ok. There was a second to commissioner Leonard's motion. Roll call.

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Francesconi: This is great discussion. And I want to be decisive and I am going to be decisive and I have other reasons what I won't get into why I would like to send a message to our business community and our residents that we are going to cut rates. But I also think it's important to be honest with our citizens and with our community. And so I guess I want to be decisive and say I am not going to close hillside community center. I am not going to close fulton community center. I am not going to close the fire station. I am not going to do those things. For 10 cents a week rate relief for our citizens. I am just not going to do that. And I do believe that this utility franchise fee is a bad proposal. In fact, I am liking my proposal more and more because it would have targeted low-income folks, but it would have also had a lower floor than the 5%, which in the long run would have given more relief to our business community. Because I am concerned about those rising rates. So I will support a cap. Let me be clear. Because this is not a good tax. It's not a fair tax. And we do need long-term relief for those seniors on fixed incomes right now that has to be more than 10 cents, and we have to send some longer term messages to the business community, the commissioner Saltzman is doing, that there's going to be some relief so that's why I am support a cap and perhaps even a lower cap as I originally proposed. That's number one. Number two is, I want to see more intense efforts from the bureaus of water and b.e.s. How they are going to save money on the 95%. The rest of the budgets, including how they are going to combine functions between b.e.s. and water. Including what the outside audits are going to produce and I want that part of the plan. Thirdly, is I want to know how we are all going to pay for that so we can say to the citizens, we have made a choice. So I want all those things. And these proposals, commissioner Saltzman's, doesn't do anything in the short-term for rate relief and commissioner Leonard's doesn't do anything -- does some things but there's some issues long term, but I still don't know under these proposals how we are paying for it. I am not willing to wait until the next budget process. We need to flesh out these proposals that commissioner Leonard is saying, come back in October, have an honest discussion with the citizens about how we are going to cap this fee and how we are going to pay for it. And at that time, I will be happy and eager to vote for this. That's the way we should proceed. Aye. I'm sorry. No. No.

Leonard: This has been a good discussion. It is a little more premature than what I was comfortable having given some of what we are considering and there are some challenges out there that we are trying to sort through on some of these other issues, cable and franchise, but we are getting through them. I commit to commissioner Saltzman to bring back a package, a package that accomplishes, I think, his intent of providing rate relief, which I agree with, to not just residents but Portland businesses. But also commit to come back with a fairer package in how we raise revenue to pay for services in general. You know, in these kinds of discussions, I will have to balance, as we all do, obviously, wanting to please our constituents by reducing taxes. That always feel good to a group of people to say "I cut your taxes." it doesn't feel as good to explain to somebody why their fire station closed. Very mindful of that being the other side of the coin of this discussion. And I just -- and ultimately, I cannot bring myself to the point to -- to ignore that impact of this proposal without having a broader discussion about fairer ways of raising revenue. I think this helped David as well as I know taking notes on this all this as we are developing this other package to bring back. And we will have part two of this hopefully within the next 60 to 90 days. Aye.

Saltzman: Well, I intend to vote aye but I want to first of all say I very much want to have the third reading next week. And I will explain why. Well, I said earlier, there's a need to be decisive. Our bureaus need to know it now because they are preparing their budget for next year so they need to have a clear message, this is what, you know, they need to do. But more importantly, and secondarily, with all due respect to what commissioner Leonard said about bringing back a new package, I am not sure -- I don't know the full details of that package, but I do not -- I am not sure I will be able to support that package. It speaks of leveling the playing field but I also believe it talks about bringing in a new universe of franchise fee payors that currently aren't paying a franchise fee

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and that raises legal, constitutional, not to mention the whole ability to issue to the voters, similar to what we have on the street improvement fee. I may ultimately not be supportive of that package so I don't want to link the rate relief package with that other package because I am not sure I can support it yet. That's why I wanted to see us go to a third reading next week, get this part of it dealt with and get the clear message out to everybody who needs know, who needs clarity and certainty these right new ground rules and to send a signal to people paying high sewer and water rates. You know, that we get it and we are doing something. Aye.

Sten: This has been a very good discussion, particularly from the citizens and there are some difficult choices embedded in this. I intended to support commissioner Saltzman's proposal and am very glad to support commissioner Leonard's amendment. I think that the idea of a holistic look makes sense and I am very interested in seeing how that comes forward. And I guess this may not be the case but the thought that just keeps occurring to me sitting here, I think you just have a different perspective if you have ever been the water or sewer commissioner because I am sitting here thinking, you know, people are saying things up here like, you know, we just want to make sure they really cut the rates. If you have been there day in and day out on the council for eight years looking at these budgets, there isn't any super easy way to cut these rates. It's a really important issue. I did bring when I was water and sewer commissioner a while back and frankly I got a half a point cut on the franchise fee when we had a budget surplus and I couldn't get the votes to go further than that. This is something that's hard to do in good times. It's hard to do in bad times and it will be harder to do next year. If we don't do it this year it will be much harder to do it next year and harder the year after. And I just frankly don't support regressive taxes on life line services. This is almost 8% tax on something that nobody can live without. It's the only regressive tax that the city levies. Everything else is either based on the property owner, the amount of income you make and they make sense but this will cause us some pain to change it but I think we have to push back on this. I just fell into a trap I wanted to point out and I want to push on it with some of the people who are against this fee that I just fell into it. This actually isn't a tax. It's a franchise fee and that's an important notion. Because we charge a franchise fee for use of all the public services it takes. Phone, electricity, they use the roads, they use a lot of things that taxpayers pay for and I think it makes sense ultimately. The reason I think and maybe the 5% we can talk about this with the holistic proposal -- I think makes sense is that we ought to charge our utilities the same way we charge the private ones. It creates a fair playing field. It makes things work. So I think this is a good proposal. I do think over time that the savings are significant and I think that I just have never been able to justify this regressive approach and then I want to say one clear thing. Five, six years ago I proposed and did pass a council ordinance raising the amount of the low-income discount from 25% to 30%. I always say it because people don't take advantage of it. If people are truly low-income and low-income is defined up to 60 percent of median income which is probably a lot of people who aren't using it there's a discount available and people should avail themselves. If we want to help low-income people, and it's gotten to the point we should do more we should raise the discount, not play games with putting a fund together but raise it above 30% where people can't do it. If we want to help low-income people let's do it directly. Meanwhile I want to say there's been a lot of talk and I think it's good talk, this is a good conversation, tough things to straighten about sort of how do you do things? What's in the budget process? What's out of the budget process? And in the end the budget process has lost all meaning because everybody is saying all kinds of different things, in or out, at this point. The general fund will be a certain amount based on a cumulative series of economic factors and realities. Council decisions, business decisions, what happens with property rates, will determine the general fund. And just as businesses will make decisions as to whether they are going to be in Portland and will have a different amount of business income tax, I think it makes sense for the council as times change to adjust rates. You have to adjust the amount you charge at times based on the realities and frankly

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it's been my experience it's so hard to adjust this rate even when times are good if the will is here to do it now I am prepared to do it. Aye.

Katz: No. Ok. The amendment is passed. I gather from what the council says you don't want to work through a possible win-win situation right now.

Leonard: I think it's just premature. We need to finish these other discussions we are having with tim grewe's office, Olson's office.

Katz: I agree. Giving this a little more time.

Leonard: I agree with commissioner Saltzman.

Katz: Fine, fine.

Leonard: We should adopt this.

Katz: Fine. We will do that next week. We will do that next week. I just want to remind everybody that we are going to be identifying a forecast number that probably will take your breath away. Because we have got to deal with the health plan. Add this in decision to that is going to be even more difficult and I need to also share with you that I am quite frankly tired of the rich, the relatively rich bureaus sucking the air out of general fund bureaus. And that this has gone on for far too long and this is another example of it happening. Ok. We will come back next week. Thank you. We stand adjourned.

At 12:21 p.m., Council adjourned.