



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **29TH DAY OF JUNE, 2005** AT 9:30 A.M.

THE MEETING WAS HELD AT: The Portland Building-Auditorium, 1120 SW 5th Ave.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, Saltzman and Sten, 4.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ben Walters, Senior Deputy City Attorney; and Officer Curtis Chin, Sergeant at Arms.

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

COMMUNICATIONS	Disposition:
700 Request of Paul Phillips to address Council regarding medical errors and taxpayer costs (Communication)	PLACED ON FILE
701 Request of Beth Burns to address Council regarding p:ear, a program serving homeless and transitional youth (Communication)	PLACED ON FILE
702 Request of Pippa Arend to address Council regarding p:ear, a program serving homeless and transitional youth (Communication)	PLACED ON FILE
703 Request of Richard L. Koenig to address Council regarding due process (Communication)	PLACED ON FILE
704 Request of Charles E. Long to address Council regarding a culture of deceit (Communication)	PLACED ON FILE
TIME CERTAINS	
705 TIME CERTAIN: 9:30 AM – Declare City Council intent to cooperate and collaborate in administering City bureaus and offices, to reaffirm its commitment to implement the Bureau Innovation Project recommendations and follow protocols signed by all Council members in December 2004 (Resolution introduced by Mayor Potter and Commissioners Adams, Leonard, Saltzman and Sten) (Y-4)	36324

June 29, 2005

<p>*706 TIME CERTAIN: 10:00 AM – Authorize an agreement with the Portland Oregon Visitors Association for promotion of convention business and tourism, waive the provisions of City Code Chapter 5.68 and provide for payment (Ordinance introduced by Mayor Potter)</p> <p>(Y-4)</p>	<p>179383</p>
<p>707 TIME CERTAIN: 10:30 AM – Direct the Bureau of Technology Services to issue a Request for Proposals to select a third party to design, develop, own and operate a citywide, high-speed wireless network (Resolution introduced by Commissioner Sten)</p> <p>(Y-4)</p>	<p>36325</p>
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Tom Potter</p> <p>Fire, Rescue and Emergency Services</p>	
<p>*708 Amend Intergovernmental Agreement with Multnomah County to provide Healthcare Provider Cardiopulmonary Resuscitation training for Multnomah County Health Department Employees (Ordinance; amend Contract No. 51842)</p> <p>(Y-4)</p>	<p>179377</p>
<p>709 Authorize Intergovernmental Agreement with Tualatin Valley Fire & Rescue for occupational health nurse services (Ordinance)</p>	<p>PASSED TO SECOND READING JULY 6, 2005 AT 9:30 AM</p>
<p>*710 Authorize contract with Alder Creek Lumber Company, Inc., for fire prevention, suppression and emergency response services for FY 2005-06 (Ordinance)</p> <p>(Y-4)</p>	<p>179378</p>
<p>Office of Management and Finance – Bureau of General Services</p>	
<p>*711 Authorize acquisition of vehicles for use by City bureaus (Ordinance)</p> <p>(Y-4)</p>	<p>179379</p>
<p>Office of Management and Finance – Human Resources</p>	
<p>*712 Approve Memorandum of Agreement that modifies the labor agreement between the City and the District Council of Trade Unions for work clothing and shoes for certain positions in the Urban Forestry Unit (Ordinance)</p> <p>(Y-4)</p>	<p>179380</p>
<p>*713 Change the salary range of the Nonrepresented classification of Maps and Records Supervisor (Ordinance)</p> <p>(Y-4)</p>	<p>179381</p>

June 29, 2005

Office of Neighborhood Involvement		
*714	Amend contract with the five neighborhood association district coalitions for program operations to provide for FY 2004/05 and FY 2005/06 funding (Ordinance; amend Contract Nos. 34248 through 34252) As the amendments were not voted on at the first vote, the matter was reconsidered. Motion to reconsider the vote on Item 714. Moved by Commissioner Saltzman and seconded by Commissioner Adams. (Y-4) Motion to accept the amendments presented in Office of Neighborhood memo dated June 28, 2005. Moved by Commissioner Saltzman and seconded by Commissioner Adams. (Y-4) Motion to approve the amended ordinance. Moved by Commissioner Saltzman and seconded by Commissioner Adams. (Y-4)	179386 AS AMENDED
Office of Transportation		
715	Grant revocable permit to NECN/Historic Mississippi Business Association to close N Mississippi Street between N Fremont and N Skidmore Streets on August 13, 2005 (Ordinance)	PASSED TO SECOND READING JULY 6, 2005 AT 9:30 AM
716	Grant revocable permit to 220 Salon to close SW Ankeny Street between 2nd and 3rd Avenues on August 13, 2005 through August 14, 2005 (Ordinance)	PASSED TO SECOND READING JULY 6, 2005 AT 9:30 AM
717	Approve an Intergovernmental Agreement with the Oregon Department of Transportation to reconstruct the traffic signals on NE Sandy from 16th to 33rd Avenue (Ordinance)	PASSED TO SECOND READING JULY 6, 2005 AT 9:30 AM
Water Bureau		
*718	Authorize an Intergovernmental Agreement with Multnomah County Health Department for \$130,000 to administer the LeadLine, provide free blood lead screening and provide for payment (Ordinance) (Y-4)	179382
REGULAR AGENDA		
Mayor Tom Potter		
719	Appoint Sal Kadri to the Portland Development Commission for a term to expire July 10, 2008 (Report) (Y-4)	CONFIRMED
Second Reading		
720	Authorize contract with Gresham Transfer, Inc. for a price agreement for Biosolid Transportation Services (Second Reading Agenda 682) (Y-4)	179384

June 29, 2005

Commissioner Dan Saltzman	
*721 Approve funding recommendations for after school and mentoring programs made by the Children's Investment Fund Allocation Committee (Ordinance) (Y-4)	179385
722 Declare the month of July Measles and Malaria awareness month to raise awareness about the deadly effect of measles and malaria in African nations, specifically in Mozambique (Resolution) (Y-4)	36326

At 11:48, Council recessed.

June 29, 2005

WEDNESDAY, 2:00 PM, JUNE 29, 2005

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

June 30, 2005

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **30TH DAY OF JUNE, 2005** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, and Sten, 3.

Commissioner Saltzman arrived at 2:30 p.m.

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

<p>723 TIME CERTAIN: 2:00 PM – Authorize the City Attorney to intervene and participate in the Oregon Public Utility Commission review of the application of Portland General Electric for authority to issue common stock and for Stephen Forbes Cooper, LLC to exercise substantial influence over Portland General Electric (Resolution introduced by Mayor Potter) (Y-4)</p>	<p>36327</p>
<p>724 Authorize revenue bonds to finance acquisition of electric system property (Ordinance introduced by Mayor Potter)</p>	<p>PASSED TO SECOND READING JULY 6, 2005 AT 2:00 PM</p>

At 2:50 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Susan Parsons
Acting Clerk of the Council

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

June 29, 2005
Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

JUNE 29, 2005 9:30 AM

Potter: Good morning. Before we start council, how I normally open up the city council is to talk about our children, and ask the question to you, is how are our children? Normally we have experts come in who happen to be children, but because of summer vacation we haven't been able to find one. They've all disappeared, I guess. But the -- I heard an interesting statistic the other day, that children, school-age children, represent about 12% of the population, but 100% of the future. And so that's what we have to keep in mind, is that they are our future, that we need to take care of them and make sure that they're successful adults and human beings. We have guests from our sister city, and today we have the deputy mayor. Could you please stand? Thank you very much for being here. [applause] do we also have the council visitors from the ministry of construction of china here? Ok. They're in town, and they thought they may be stop by. [gavel pounded] with that, Portland city council is in session. Please call the roll. [roll call taken] [gavel pounded] we will hear communications. Could you please read item 700. Thank you for being here, mr. Philips. You have three minutes. Please state your name when you testify.

Item 700.

Paul Phillips: Thank you. I'm paul philips. Before you you should have two pages of papers. The first one is from reuters. Tuesday, december 7, clinton names to cut deadly medical errors by deborah charles. Washington reuters. President clinton on tuesday ordered the government to take steps to prevent medical errors that kill tens of thousands of americans a year. One week after studies showed up to 98,000 people die every year due to medical errors. I believe that's close enough. In a decade, that's almost a million people more or less. Certainly is a better morning for some people than those. The second article is from "the Oregonian." and i'd like to state that there's \$8,472 a year spent for each state employee for their medical benefits. That was written in "the Oregonian" article. Oregon taxpayers shell out an average of \$706 a month to cover the health insurance premiums per each state worker and their families. The total costs \$330 million in the current budget, and that will climb to about 20% for 2005 and 2007. It's apparent the hog is in the trough. I was wondering how much the city of Portland pays for the insurance premium. If you notice from the article that they pay -- the taxpayer pays this insurance premium, but doesn't state which insurance company that it is. Would you happen to know what the city of Portland --

Potter: I do not know, mr. Philips.

Phillips: Is there any way of finding that out?

Potter: Well, you have your three minutes, and you're eating into your time.

Phillips: Thank you.

Potter: Ok. Thank you. Please read the next item.

Susan Parsons, Assistant Clerk: The next two go together. I'll read them both.

Items 701 and 702.

Beth Burns: Good morning. I'm about p:ear. Our goal is to affirm the personal worth of young people and to help them create healthier lives. We believe it's our responsibility as a city to really guide these young parentless people, and I'd like to really introduce ben clark, who has brought you his paintings today.

Potter: Hi, ben.

June 29, 2005

Benjamin Clark: Good morning. My name is benjamin. I work as a carpenter and artist here in Portland. And I have a show every year at pear where I volunteer working with homeless youth. And typically I just go and do portraits of the homeless youth. This year I decided to do portraits of the homeless youth and of you. And the reason being I just wanted to make the simple point that we're all ultimately as human beings equal in our worth, whether you're a homeless kid or a city official. And so I did these portraits, which I am giving to you today. And in return i'm going to ask that each of you, at some point, walk the 10 or so blocks up to the pear gallery. It's at eighth and alder. And go in and take five minutes, introduce yourself to one kid, maybe two kids. The reason being is, I believe, that by doing so, you know, a lot of these kids have this picture of government, the man, big brother, they're quite leery of it. Their whole idea of government is based upon an occasional run-in with the police. And if their idea of government can be humanized by spending time with you, I think it would be deeply beneficial to everybody. That's what i'm asking for in exchange for these fine portraits.

Potter: I'll commit to that. [applause] so I don't have to look at myself, could we put those -- thank you.

Adams: Thank you very much. I commit to going back.

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

Potter: Thank you very, very much. They're excellent, continuing the material you had to work with. Thank you, folks. Pear's a great organization, too. It certainly helps meet the needs of a lot of our young people. Ok, the next item, please. Mr. Koenig, you have three minutes. You have three minutes. Please state your name when you testify.

Item 703.

Richard L. Koenig: Good morning. Richard L. Koenig. We've got outstanding business regarding nancy's letters and their legal effect. They have legal effect? Thank you. I recently used the public record law in behalf of our commissioner of police to demand the authority that the d.m.v. May have had to title and register vehicles that are not required to be titled prior to february 16 of this year when the optional titling rule was adopted. The significance of the new rule is that it provides authority for the d.m.v. To now title vehicles that belong exclusively to members of the general public and turn them into regulated motor vehicles subject to all of the provisions of the vehicle code, but only if the owner chooses. The law authorizing this rule was requested by the director of the d.m.v., mr. Moomaw in 1985 for the specifically stated reason that the agency would lose revenue if the law was not passed. The fact that he would be willing to state this in writing is what we're focusing on in Portland now. It was always illegal to regard the people's personal use vehicles as a revenue resource. The intention behind adopting the new rule was to create an appearance that titling vehicles not required to be titled is ok as long as the people choose to do so by filling out an application, paying the fees. Two things are wrong with this picture. No one can choose unless options are disclosed. This is particularly true under the circumstance that the people have been trained to fear a confrontation with law enforcement officers if they don't have plates on their cars that the city attorney of beaverton said they never did have to have. There's no law. Thus the primary -- oh, wait. The second thing wrong with the picture is that liberty consists fundamentally of the ability to go from one place to another at will, using the conveyance of one's choice. Not only are liberty interests in the court described as fundamental, but also unalienable, meaning they cannot be bought, sold or traded away. Thus the primary, if not the sole value of the new optional titling rule is an admission -- as an admission that prior to its adoption, february 16, the d.m.v. Had no authority at all to require members of the general public to title their personal vehicles as revenue-producing units. The failure of the optional titling rule's author to send our commissioner of police the authority is proof from the horse's mouth that our society has been defrauded by corporate interests in collusion with complicit public servants. Now, there's a citation of additional authorities that the city council has reviewed over the months attached to this. Hope

June 29, 2005

you go over them and remember them. We'll go on with how the heck are we going to get harry auerbach a fair trial.

Potter: Time's up, mr. Koenig.

*****: Thank you.

Potter: Next item. Thank you for being here, mr. Long.

Item 704.

*****: Thank you.

Potter: Please state your name when you testify. You have three minutes.

Charles E. Long: Yes. My name is Charles E. Long. The public is becoming more concerned about the level of deceit in our society, which affects every facet of our society, including Portland's government. The two most notable examples recently is the Enron debacle and the present Bush administration. I'd like to cite six books that have been published relating to this issue. First is the death of truth by Dennis McCollum. Truth decay by Douglas Grothius, and the third book is Lies, Liars, and Those Who Make Them by Al Franken. That was published before the election of 2004. The fourth book is The Politics of Truth: Inside the Lies that Put the White House on Trial and Betrayed My C.I.A. Identity, a diplomat's memoir by Joseph Wilson. Mr. Wilson was an ambassador to Iraq at one time, but he says there's a campaign of fear, lies, and character assassination inside the Beltway. The fifth book is A Pretext for War by James Farnsworth published last year. I'd like to give a brief quote from his book, page 377. The Bush administration's massive disinformation campaign abetted by a lazy and timid press, succeeded spectacularly in driving the public to support his long-planned war. In the end, it was the power of lies, not logic, that was the deciding factor. Never before has the United States launched a preemptive war and only once before in Vietnam have so few manipulated so many at such a great price. We were wrong, terribly wrong, said former defense secretary Robert S. MacNamara about the Vietnam war. We were all wrong said former C.I.A. Weapons Hunter David K. I. Kaye about the war in Iraq. Today in "The Oregonian," Senator Chuck Hagel, Republican-Nebraska, says "the White House is completely disconnected from reality. It's like they're making it up as they go along." Thank you.

Potter: Thank you, sir. Please read the next item.

Parsons: That would be the consent agenda.

Potter: Oh, ok. Let's start with the consent agenda.

Parsons: We've had a request to pull item 714.

Potter: Yes. Do any commissioners want to pull any other items? Anybody from the audience wish to pull any item? Ok. Then let's hear the roll call on the remaining items.

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

Potter: Aye. [gavel pounded] we'll hear the first time certain. Could you please read the item?

Item 705.

Potter: This is to develop a more collaborative approach to how we do business in Portland, but certainly setting the example at the council level. Any commissioners have any comments? Please call the roll, sue.

Adams: I think the Bureau Innovation project is a great effort. I look forward to us focusing on the entire list, but especially the four items that have been assigned for focus to my office, and look forward to working with the rest of the council and the mayor on pursuing them all to success. Aye.

Saltzman: Well, I too look forward to working with the mayor and the rest of the council on our new shared responsibilities for major policy actions in the infrastructure bureaus and our continuing administrative and policy actions for the bureaus we're assigned. I think it's a good model. Aye.

Sten: Yeah. I believe we have followed these rules through the budget process, and to good result, and look forward to continuing the result. Thanks, Mayor Potter. Aye.

June 29, 2005

Potter: I appreciate the support of the council on this. I think as we move forward it's important to move forward together, and I think that's what this resolution does. Our bureau innovation projects I think are going to begin the process of transforming how the city conducts business, how it relates to the community, and how we work with each other. So I'm very pleased with this resolution and look forward to working with my fellow members on the city council. Aye. [gavel pounded] ok. Let's hear the -- well, actually we've got a few minutes before 10:00. Let's go back to -- which was pulled? 714.

Item 714.

That was the o.n.i. Budget with the different coalition offices, and basically what happened is that this year the o.n.i. Office discovered that it had -- that money had not been paid out as it should have to the southeast uplift. And so all of this -- all this ordinance, substitute ordinance, does is add the money back into the southeast uplift budget, and it's being taken from the o.n.i. Budget so it's not coming out of any other funds except o.n.i.'s. Any discussion by the council? Sue, please call the roll.

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

Potter: Aye. [gavel pounded] ok. Let's hear the -- we have a few minutes before the 10:00. Let's go ahead and hear it anyway. I think we have some folks from pova who would like to come up and talk on this issue. Please come up. Good morning.

Item 706.

Joe d'Alessandro, President and CEO, Portland Oregon Visitors Association: Good morning. I'm the president and c.e.o. Of the Portland Oregon visitors association at 1000 Broadway in Portland. It's my pleasure to be here today to talk to you about our contract and what we plan to do and the growth of the tourism and hospitality industry in this region. I provided a copy of our business plan, which detail our goals and objectives for the next two years, and talk about our measurement and how we're going to measure ourselves in our performance based on those goals and objectives. I've also included some of our publications to give you an idea of how we communicate Portland to the world and how we communicate our neighborhoods or some of our diverse areas that people can visit. Pova has served Portland for 26 years. Over that time, we've seen huge growth of development and hospitality in this region. Today travel and tourism is one of the region's biggest industries and largest employers. Last year visitors from around the world brought \$3 billion into this region's economy. That's just the Portland metro area. 28,000 Portlanders are employed in the tourism industry. Countless entrepreneurs and small businesses are supported by visitor dollars. \$43 million was raised in taxes by visitors to this region. And \$72 million in state taxes were generated by visitors to this region. The last few years have been very challenging to this industry with 9/11, sars, the war in Iraq, and our economic malaise have caused significant challenges for tourism and hospitality, however we're on the rebound and we're seeing a significant growth and more visitors will come to Portland in 2006 than ever before in our history. In fact, Portland's hotel occupancy for the first five months of 2006 had the largest percentage increase of any major city in the United States, which is a significant indicator of the return. Our membership levels are at all-time highs. We have nearly 1100 businesses and organizations that are members of Pova. And the industry's working together like never before to market Portland and Oregon as a preferred destination for visitors. The signs are encouraging, but there are many challenges we're faced with in the future. I'm convinced that with the partnership, with the city, with the county, with metro, with the private sector, and with the industry sectors we work we will be able to see the industry growth and provide additional benefit to the citizens of the area and improve our quality of life. When the visitors, when they spend their money on, are the same things we as Portlanders enjoy. So they come and support our quality of life. I'd like to thank commissioner Saltzman, serving on our board for the past few years, and provided valuable insight and support for the industry, in fact helped develop strategies in the strategic plan. At this time I'd

June 29, 2005

like to introduce kevin neary, g.m. And regional vice president for enterprise recently car. The car industry, together with the lodging industry, were two sectors that stood up the plate a few years ago and agreed to raise the tax on themselves to support the tax of the convention center, the extension of fareless square, renovation of pcpa, and additional marketing funds and partnership with the city.

Kevin Neary, Board Chair, POVA: Thank you, joe. Yes. I'm kevin neary, board chair for pova this year. Fiscal year 2005 will end on a good note. Pova this year, the convention services provided over 2,000 service leads to the pova members helping to grow business around the city. They coordinated over 30,000 hotel reservations and received the gold service award. Pova's visit information center at pioneer courthouse square will have assisted over 650,000 guests all looking for things to see and do, as well as places to stay and eat here in Portland. It would impossible to serve all these guests without the help of 60 volunteers who work with pova. The communication department worked tirelessly this year. Joe mentioned membership continues to stay strong. We have over 1,000 businesses as members and over 50,000 business leads were distributed this year. It further strengthened our fiscal integrity with another good audit. Pova's had a good year.

Potter: Thank you. Questions from the council? Thank you.

Adams: Oh, I do.

Potter: Oh, i'm sorry.

Adams: What do you attribute the recent increase in bookings to?

D'Alessandro: A number of things. One, the economy is starting to improve, and that's helping. We did fall very hard when the economy collapsed and the whole west coast from san francisco north of b.c. Hit us very hard. Also we've had a good group year. A large number of conventions in town, both taking up citywide conventions and single hotel pieces of business. So the group year is very strong. And also our leisure travel, the individual travelers, the tourists are up dramatically. Increase of international visitation last year, thanks to the new international air surface, was up 30% in Portland in one year, which is very, very high. There's a lot of factors pointing in a very positive direction.

Adams: And in terms of -- what's your understanding of the status of the issue of the headquarters hotel and where would pova as an organization like to see that discussion go?

D'Alessandro: We like to see the headquarter hotel move forward. That's one of the issues, our biggest obstacles in Portland, is a lack of a headquarter hotel adjacent to the convention center. We've for a long time taken a position that we'd like to see a right-sized headquarter hotel, the maximum amount of room with a minimum amount of public subsidy. It has to be what the market can bear. We'd like to see p.d.c. Go forward, select a developer, developers negotiate a project that will again provide the maximum amount of rooms, with the minimum amount of public subsidy, something successful in the market without ongoing public subsidy.

Adams: And how unified is the industry around that position?

D'Alessandro: I think we'll all be able to see we're in agreement on moving forward in that direction.

Adams: Then as I ask all contractors, what has been your performance on minority, women, and emerging small business?

D'Alessandro: We have exceeded in our quarterly reports that we send to the city council. We mark that on a regular basis. We've exceeded all of the city standards in that area.

Adams: Thank you.

Potter: Thank you. Sue, is there a signup list?

Parsons: We do. We have brad hutton. Actually the others have just spoken, so --

Potter: What? No roy jay.

Adams: Didn't sign up?

*******:** Sometimes you just sit here and look pretty.

June 29, 2005

Adams: So what's your job? [laughter]

Potter: Hi, brad.

Brad Hutton: Good morning, commissioners. My name is brad hutton, area vice president for hilton and incoming board chair for pova. I just wanted to add one more piece in addition to what you have in front of you in terms of the value that I believe the city receives from the resources that it gives to pova. Certainly the selling and the staff and what pova does is as important, but when I look back at the past couple of years and certainly look forward, some of the alliances, strategic alliances, that pova, through its staff and through its board, has built with Oregon restaurant association, Oregon lodging association, Portland business alliance, the city, merck, has really enabled us to leverage the power of what pova has to a degree that we've not even anticipated in the past. So these strategic alliances have aligned all these organizations with respect to pova's mission and really helped us advance the cause of travel and tourism in the city. So it's something you don't necessarily see in a business plan and don't see it in the statistics, but we work very close with those organizations in building those bridges. Just wanted to make that comment. Thank you.

Potter: Thank you.

Scott West: Good morning, mr. Mayor, members of the commission. My name is scott west, the present c.e.o. Of the Oregon lodging association and also representing the tri-county lodging association. Here in support of the presentation that's already been made by joe and mr. Neary with regard to -- with regard to pova and its performance and its position in the marketplace, and certainly second mr. Hutton's comments with regard to the alliances that have been made. Have been significant advances made around those issues and travel/hospitality issues in the last couple years, and pova has been in the middle of that, leading that charge in many cases. We're a big supporter of that. On behalf of the lodging industry, I want to make sure we support the fact that -- I think the charter describes the analysis about the support from the industry that actually is taxed with regard to where those revenues are going with regard to on behalf of the industry itself. I know that the industry stands here united and supportive of pova's efforts in the past, and certainly forward to what they'll do in the future. So i'm happy to answer any questions.

Adams: And do you concur with the description regarding the headquarter hotel and the unity of the industry on that issue?

West: Mr. Mayor, commissioner Adams, we do. We've been consistent on the right-size property that the market can bear with a limited amount of subsidy. We've been on record with that recently with regard to the mayor's -- to the mayor's office.

Adams: Thank you.

Potter: Thank you both. Ok. Sue?

Parsons: I believe that's all we have signed up.

Potter: Ok. Any questions from the council? Please call the roll.

Adams: Well, I just want to thank the leadership of joe and brad and the entire board of pova, roy jay of course. Having been on the pova board, not for a number of years, but I think for six or seven years before I quit to be a candidate, and I will be on it again, it's just a well-run organization that has a lot of public outreach and input and representation from the industry itself. And you've heard the partnerships that have been created. And I know from some of the contacts that i've had from other visitor associations around the country, that pova is looked to as a model and you should be commended for that. We're the beneficiaries in part of your good work, an I look forward to work withing and enthusiastically vote aye.

Saltzman: I'm pleased, too, to support this contract, and I want to thank pova for responding to the r.f.p., because if pova hadn't I guess there was nobody else that responded. [laughter] thank you for once again stepping in to fill that void. But i'm very pleased to say that despite the absence of competition, I think we got the best one out there. The Portland Oregon visitors association truly is a very well-run, very cohesive organization. I've enjoyed serving on the board and having a chance

June 29, 2005

to not only learn more about the day-to-day ins and outs and the competitive environment in which Portland finds itself with respect to convention and tourism business, but it's just a pleasure to see, I think in the true Portland way, how many competing hoteliers and others come together for the common good, and that is to get more convention business, more tourism business, and to continue to pump those dollars into our economy. And it is a significant amount of revenue generated. I'm glad to hear the indicators are back on the upside. Pleased to support this contract. Aye.

Sten: I'll echo those comments. Joe, I think you did a terrific job, you and your whole team, and the board. For me it's easy to support. You know, aside from my love to show our city off, I think tourism will continue to be a bigger and bigger piece of our economy. It's great. It's a clean industry we ought to be pushing really hard. I've found pova to be responsive every time i've come to them. They've always been proactive in talking to me. One of the things I talked to joe a while ago about promoting is that we, at least time we checked, and these things are dynamic, we're the number one wireless access city in the country. Our next agenda item is trying to move that to the next level. Maybe the marketing people can get that out as well. Keep up the good work. I'm proud to vote aye.

Potter: I join the other commissioners. I'm glad we have pova here in Portland. You're a great partner. We really appreciate that. I think it's great that our -- our industries here in Portland, in entertainment and the hotels and restaurants and lodging, are really supportive of pova. I think that is so essential, as are the different chambers here in Portland. So I look forward to this coming here. I look forward to a better year than last year. It's heartening to see a 20% increase in the use of our hotels, because we have, I think, the best hotels in the united states right here in Portland, Oregon. And so I appreciate what you folks have done, and thank you for another good year. We look forward to it. Aye. [gavel pounded] ok. It's not 10:30. So we'll skip over the 10:30 and come back to it. We'll go to item 719, sue.

Potter: I'm not sure that sal made it in today. If you wish, we can wait until it's time for him to come in, but I can give you some information. He's a designant commissioner for the Portland development commission. I think sal brings a unique perspective to business that will be valuable as a member of the p.d.c. Board. He worked at one of america's largest corporations, having served as a senior manager with general electric, supervising 41400 employees. He knows the needs of big business and the opportunities that lie overseas. He also knows the unique needs of Oregon businesses having been a general manager at tektronix. He will be a voice for the needs of our small business people. He started value cad. In that time he's grown his company from three employees to 32. He knows what it's like to jump through regulatory hurdles and worry about making payments -- pail roll for employees who rely on him to pay their mortgages and care for their children. Just as important, sal will also bring a strong sense of community involvement for the commission. He's been honored repeatedly for his civic work, including being named minority small business person of the year award, an award for outstanding service to business community, and the Oregon governor's honor roll for employers of people with disabilities. So I think sal's will be a great contribution to the Portland development commission. Any questions? Sue, please call the roll.

Adams: Aye.

Saltzman: Well, i've had the chance to get to know sal. I appointed him to the east side big pipe r.f.p. Evaluation committee representing the Oregon association of minority entrepreneurs, and as you all saw him here a few weeks ago as a part of that panel, he's truly a good citizen and compassionate citizen and the type of people that we need on the Portland development commission, we need in leadership positions throughout the city. So I really applaud your choice, mayor, for this position on p.d.c. And enthusiastically supportive of sal. Aye.

Sten: Aye.

June 29, 2005

Potter: And I appreciate the support of the council on this. I think sal will bring a lot to the Portland development commission. I know he's eagerly looking forward to assuming his term on august 1, along with the other appointment, mark rosenbaum. We had a chance this morning at p.d.c. To make the announcement on the new executive director and interim director, and we'll be having a press conference at 1:30 this afternoon to make those announcements. Aye. [gavel pounded] so it's still not 10:30. We'll go to the regular agenda and continue on. Item 720.

Item 720.

Potter: This is a second reading. A vote only. Please call the rolls.

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

Potter: Aye. [gavel pounded] please read item 721. Commissioner Saltzman.

Item 721.

Saltzman: Perfect timing. Mary Gay broderick, the communications and outreach director for the children's investment fund is here to --

Potter: Please step up.

Mary Gay Broderick, Children's Investment Fund: Am I on?

Saltzman: Yeah, you're on. Great timing. Mary Gay is here to give us a description of the most recent decisions the children's investment allocation fund has made. The children's investment fund was created by voters in the year 2002. It was roughly a \$50 million fund over five years, and its purpose was to invest in proven cost-effective programs and expand the capacity in three years. The first area is early childhood development. The secondary is child abuse prevention and intervention. And then the third targeted investment area is after-school and mentoring programs. To date we've invested about \$16 million in those three areas. Due to the vagaries of compression, we yielded an additional \$2 million recently that we decided to add to the after-school and mentoring program round. We've already invested about \$4.5 million in after-school mentoring programs, and now prepared to invest an additional \$2 million. We have \$3 million left to invest over the life of the levy. We're holding that in what we call our leverage fund. Our idea is to see if we can take that \$3 million, work with nonprofit -- not nonprofit organizations, but work with philanthropic organizations and the private sector to see if we can come up with targeted investments to leverage that \$3 million into a \$6 million investment. So we're currently pursuing those discussions right now, and we're hopeful that we'll bring back to you some very exciting joint proposals between the philanthropic sector and the public sector to really invest in children in our city. So mary kaye can preview the most recent round of decisions that we've made. The way it works is that way -- the allocation committee is a five-person committee. Lisa naito from the county, myself from the city, two citizen representatives, and then a Portland of the business alliance. We've made the initial decisions, and then the county commission last week concurred with those decisions, but it's up to the city council to make the final approval on those decisions. So mary gay broderick, why don't you preview those decisions for us.

Broderick: Thank you, dan. \$1 million went to small organizations with annual revenues of less than \$1 million. The other half went to large organizations. We did this in response to some concern from previous funding rounds from smaller groups that said that they wanted kind of a better chance to get in the mix there. So we did make that adjustment this time. As dan described to you, the funding decisions were made. We had a -- 34 applications were received requesting a total of \$5.4 million. The applicants were interviewed by the allocation committee, and then those applications were given to a review panel that included volunteer reviewers, and scored using a rubric that included a number of children and families the programs would serve, the hours of services provided per month, whether the program is culturally specific, the geographic service area and the schools and school districts that would be served by the program. Then the -- the applicants were scored, and those scores were given to the allocation committee, which made its decisions. And those decisions were made last month, and they are big brothers/big sisters, which received

June 29, 2005

\$263,000 to expand its latino mentoring initiative to serve latino children, in its community-based or school-based mentoring programs. Boys and girls aid society, which received \$220,000 to expand a gender specific after-school program serving seventh and eighth grade girls. Chess for success which received a \$100,000 investment to expand its after-school chess program to serve five new schools in outer southeast Portland and to offer enhanced services to the children that it currently serves. The community cycling center which received an investment of \$180 to expand its after-school bike safety program to 10 sun schools in north and southeast Portland. Friends of the children received \$164,000 investment to offer service enhancements to the 328 children it currently serves at its mentoring program. Girls incorporated of northwest Oregon received \$166,000 investment to offer three after-school programs aimed specifically at girls at 10 schools in north, northeast, southwest and southeast Portland. Portland house of mojah received \$150,000 investment to provide culturally specific after-school programs serving african american and latino fourth through eighth graders living in north and northeast Portland. Portland impact received a \$315,000 investment to expand the sun program to fourth and fifth grade students at whitman elementary school. Reap received \$150,000 investment to expand mentoring and in-school suspension program that serves ninth through 12th graders at david douglas, franklin and grant high schools. Smart, which is start making a reader today, received \$150,000 investment to expand its book and reading mentoring programs at four schools in north, northeast, and southeast Portland. And the urban league received \$115,000 to deliver a new culturally specific mentoring program for african american students -- high school students in north and northeast Portland. So those were our investments and we're excited about those. Those would start in july. So we're ready to go on those.

Adams: So where would the public get the -- sort of the results measures from?

Broderick: From all of our grantees.

Adams: From these, you know, part of the application or --

Broderick: Yeah. They're part of the application. It was a pretty rigorous process. Again, we have the applicants on file. Anyone can come. We've had some of the applicants that came that did not receive approval come and look over their scoring. We've even provided them with maybe some suggestions on how to write maybe -- a lot of it maybe is in the grant writing, maybe, you know, to work on that the next time.

Adams: And how many clients will we be benefitting with these?

Broderick: The total number of students -- or the total number of children. Give me a second to add those up. For instance, girls incorporated would be 1200. Big brothers, 114. Chess for success, 2200. I mean, it's in the thousands. 900 community cycling. Reap is 900. I mean, i'm just ballparking these as far as -- i'd say it's about 5,000 more -- 5,000 more children. Each one of them has about 300 or so.

Saltzman: I wanted to add, you know, that in addition this just -- we negotiate a contract with each one of these providers, and those contracts contain specific outcome and performance measures.

Broderick: Right. And we get quarterly progress reports from all of them. We do site visits. It is a pretty rigorous -- and they're up, you know, review, and the allocation committee has the discretion to step in and renegotiate the contract and the terms of the contract. We've done that with some of the grantees having trouble in certain areas, gone back and readjusted some of the outcomes and the goals to make sure that they're reaching those.

Adams: Thank you.

Potter: Other questions? Thank you. Sue? This is an emergency vote.

Parsons: It is.

Adams: I just want to laud the leadership of commissioner Saltzman and the good team at the children's investment fund. I'd encourage you to keep talking about the number of kids that we're helping, because I think it's very impressive. And the hands-on monitoring of the assistance

June 29, 2005

organization I think is a key complementary part of this that maybe isn't as well understood by the public, that you both help kids and help organizations get better at helping kids. So I think that's great. Very happy to vote aye.

Saltzman: Well, I'm pleased to make an additional investment in after-school mentoring programs. I think we all know that the children in the city of Portland can very much use these types of activities. And by investing in organizations that have a proven track record in providing these services, I think we're making sure that the taxpayer dollars are being spent effectively and being spent per the language of the ballot measure passed in 2002, which said to invest in proven programs to expand their capacity, and that is what we've stuck by all along. As you can imagine, we get a lot of proposals that don't meet those criteria, which is why we had some 34 proposals, yet were only able to invest in about a dozen. Many of them just have -- are great ideas, but no organizational track record, either in that arena, or there's no organizational track record with this particular program. And we've had to turn those down, because that's not what voters approved. Voters approved investing in what we know works. And that's what we're doing. So I'm pleased to support these additional investments. Aye.

Sten: Well, I think this is a wonderful program. The team is doing very, very well. I just always appreciate commissioner Saltzman for bringing this opportunity to the voters, and of course the voters for investing in this. You know, there's really nothing we can do that's more important than fund these programs. It's great work. Aye.

Potter: I want to compliment commissioner Saltzman for his past leadership and future leadership in this area. I think, you know, obviously children are my top priority, and I think this embodies what Portland is about. Not only do we have programs that have proven track records, but they go to some of the children who are most in need. And I truly appreciate that. I know our community appreciates it. It's a great program. I look forward to working with commissioner Saltzman and the larger community, and ensuring that all of our children's needs are taken care of. I vote aye. [gavel pounded] thank you. Please read item 722.

Parsons: 722, I believe there are speakers coming. What time do you expect them?

Potter: About 10 minutes.

Sten: We can go with the 10:30.

Potter: Ok. I want to make sure we don't violate any laws. Please read the 10:30 time certain, susan. Commissioner Sten.

Item 707.

Sten: Well, I think there are people in the hall trying to make their way in. So I'll introduce this as they do that. They know the introduction, mayor. This is the last project you'll see from my assistant, who's moving on to another job. So I think it's really fitting that this happened to be his last week. I'm very excited about this proposal. I don't know exactly what will come in, but I think it's exactly the type of approach that the city should be taking. Our economic future, as well as our I think quality of life is very tied to how do we provide technology for our citizens. And one of the emerging technologies that is emerging in large part because of Oregon's largest employer, intel, is wireless. And the idea is that people should be able, before too long, to go anywhere and turn on their computer and get high-speed internet access. We're quite away from anywhere, but Portland is the city in the country that -- here comes our invited guests today -- that has the most wireless access available in town, and that's in large part due to the telco project and the personal telco project. You'll hear from its founder today. But our vision really is to have an entire city that has wireless access everywhere. The idea would be you could get on to a wireless platform anywhere in the city limits. It's not something that we currently -- and I don't know that we ever would -- to have the funds to say we're going to provide that as a city. What we've been doing for quite some time is trying to work with the industry and figure out how can Portland create a climate in which there will be a desire to invest in this issue and build a network. What we're doing today, if the

June 29, 2005

council agrees, is setting up a -- a request for proposals, and we're going to say to the industry, we would like you to come to Portland and build a wireless network for all of our citizens, and what we're doing rather than putting cash on the table, which we don't have, is putting things that we do have on the table, and we think will be enough to spur this. One is we partnered, and we'll have a presentation showing this, ourselves and local governments to say if you build a wireless network, we will bring business to it, business that is I think advantageous to us. To give you a sense of what's out there, we currently use cellphone technology on all of our parking meters. This would be, if we could get a wireless network in place, a cheaper way to send the information that needs to be sent from the parking meters. We actually in the central city have potentially a large chunk of business we could bring somebody that brings us this possibility. Likewise, the school district is looking for cheaper access. And there's lots of things like some of our more remote places where it would be very cost effective to use a wireless network. So we're saying we'll bring our business. We're also saying that we will make available and we want to see what the industry wants and needs, public facilities in places to put the -- put the equipment. So we think we can actually create a climate, which often is the best thing government can do, very conducive to getting more wireless in Portland. What wireless would be priced at for the average citizen remains to be seen, and it's part of what we're trying to find out with this request for proposals. It's my personal belief, and we'll see this, that wireless offers the possibility of not only easier access, but also what I think is healthy competition with the other two forms of high-speed access. I mean, right now both cable access and d.s.l. Access is by my standards, i'm just using my own judgment, very expensive. And I believe that you need more types of competition to get price down. Years and years ago, and I won't go on and on about this, this city council really took on head on the issue of free access -- not free economically, but free in terms of substance access to the internet. And we fought to have i.s.p. Providers allowed on to the cable networks. We actually -- I didn't time this on purpose, but lost the supreme court decision yesterday, which I think was very short-sighted and was the end of the battle that Portland has fought. And so the -- in terms of internet service providers and other key choices, the outlook for the country is not good. We're actually looking toward more monopoly internet access and less choice, and less choices means higher prices. By getting out of the -- if this r.f.p. Gets us to a partnership with a company that can come in and build a private network, we'll see cheaper prices through more choices, as well as creating kind of a climate that makes sense. I really hope that before very long, if you come as a resident or visitor to the central city, you'd be able to find lots and lots of places to get on internet quite easily. We also envision that some pieces of this network ought to be some public benefits, some ways for schoolchildren to get on, and certainly ways for visitors to get on for free and find out what's going on in Portland. So I think this is a potentially a very, very exciting project. It is a very exciting project. Could potentially distinguish Portland in a field that I think will make a big difference economically and quality of life-wise. With that, we have two panels of three people i've invited to come and paint this picture for us. With your favor, mayor, i'll go ahead and start bringing them up.

Potter: Good.

Sten: First panel is our chief technology officer for the city of Portland. Paul butcher from intel. And ron white from tri-met. So gentlemen, please come on up. I think I mentioned that intel is the leader in the chips that are making wireless possible. [laughter]

*****: We hope so.

Sten: I would leave it to the panel to go in whatever order you'd like and maybe just give us a couple minutes each on your thoughts. Appreciate you very much coming in. And though i've introduced you, please reintroduce yourself as you go forward.

Matt Lampe, Director, Bureau of Technology Services: I'm matt lampe. I'm the city's chief technology officer, the director of the bureau of technology services.

Ron White, Tri-Met: I'm ron white with tri-met.

June 29, 2005

Paul Butcher, Intel: Hello. I'm paul butcher with intel, america's state and local government marketing manager.

Lampe: Ok. Well, thank you very much, commissioner Sten. You did a terrific job introducing this. It will allow me to speed through this a little bit faster. Mayor Potter, commissioners, thank you for the opportunity to discuss this resolution. This is a result of work which started with a series of meetings sponsored by p.d.c. Well over a year ago. A two-day workshop last winter with the range of stakeholders and the work of the core team over the last six months. I have with me today ron white, the network communications manager of tri-met, and paul butcher from intel. The core team consisted of representatives of the mayor's office and commissioners' offices, b.t.s., the Portland public schools, tri-met, and community members. You'll hear from some of the nongovernment members of the team in the next panel. Intel played two roles with the committee. P.d.c. Contracted with intel for technical assistance in establishing reference architecture and helping us review some of the business models that were possible as we approached an r.f.p. Another work group has provided us pro bono assistance in project management facilitation with the core team, and then p.d.c. Has been providing a great deal of support to the core team. And we want to thank them for that, because that's been very important contributor to us getting this far. What the resolution basically asks -- what the resolution basically asks today is the council to authorize the issuance of an r.f.p. To solicit services on a citywide network, and with the support of p.d.c. Work with other city bureaus and other public government agencies to coordinate lease arrangements, permitting and franchise agreements for placement of equipment on those public assets. This is really a project vision. The project vision is really a recruiting vision. It's to recruit a company to establish a citywide wireless network with the following attributes -- it serves government and institutional users, businesses and citizens. It's commercially cost competitive for the end user. It's an open service provider network. So we really want to try to keep the option of multiple i.s.p.'s as a -- as service providers on the network. That it's geographically scalable. That it can scale across the city and beyond. And that it's fairly aggressive in sort of toward technology adoption planning. So we're looking ahead and doing that predominantly through requesting a strong support for standards and move -- and movement away from as much as possible proprietary models. The vision represents a significant choice among the business models. Most critically it is focused on recruitment to invest in our community, and to take this set of technologies and bring the benefits of these technologies, which are both complementary and competitive with other broadband technologies that are available in Portland. The city and the stakeholders' roles for the governmental units, it's predominantly an anchor tenant role. That is, we're looking at this network and trying to take spending we're doing today, and some other spending that we foresee having to do to meet business needs of government, and to buy services from the network as an anchor tenant. We're trying to leverage that spend to get something that's not here today. We see the city coordinating access to city Portland public school and tri-met assets and right-of-way, working with those other governments, again, to be facilitated, to lower the risk to a company to make it easier for a company to actually build this kind of network. We limit the government's risk because the network is privately owned, financed, and operated. It's important to recognize no one has built a network like this across a major city. We've seen smaller city examples that give a lot of hope. We've seen a number of cities working basically in parallel to us to do this. And we think the technology is as ripened to a point where it really is both possible and potentially quite valuable. And the other risk, of course, is that as technology constantly changes, that there's always some risk that those changes may make some pieces of the service obsolete. May still meet many people's needs, but that's always a risk anytime you're dealing with these kinds of technologies. And that's one of the reasons why we want that risk really built on to a private -- in a private business model. We see some community and economic benefits. Basically providing Portland an infrastructure that further supports knowledge-based activities. We want to keep free access to a variety of public

June 29, 2005

interest sites to what's referred to as a wall of garden. That is anybody who accesses the public view of this network, so at the welcome screen that they get a connection, would have an option to either purchase some form of service agreement, or to access for free certain public sites. The city, the schools, some of the community service sites, some of the sites that are -- like pova that are oriented toward tourists, so that this provides benefits to people who may not be actually a customer, but that that really is on the public benefit side. We see it as reducing costs of broadband. And through that hoping to reduce the digital divide. Finally we think there are clearly some economic development possibilities here, that this kind of clout will give us some edge as companies think about site selection, particularly small companies and companies where technology, not just technology companies, but companies that view technology as something that is important in their business and how they want to do business. And finally we think that this kind of network may help actually stimulate some businesses that have a business that they derive based on the fact that this kind of network is here. And there are a lot of issues -- potential applications around mobility that just may not have a market until these kinds of networks are readily available. For the city, there are some immediate benefits. There's some governmental efficiencies. We talked about the parking meter. Commissioner Sten mentioned that. And we see some ability to drive down some of the costs there in two ways, both the transmission cost and with the higher speed connection, the potential to go to realtime authorization on credit and debit cards which actually lower the fee that visa charges us today. The net result of that is that of the money that the citizens pay for parking, a greater portion of it ends up at the general fund supporting police and fire instead of administrative costs and overhead costs for running the system. And as deployment -- and then the remote city facilities. We have fire stations, parks facilities, that have very poor bandwidth capabilities today. We see this as a way of expanding the bandwidth and lowering the costs to serving those city facilities. As deployment coverage expands, there are a number of things that are currently on the plate, where we're working with bureaus every day to try to assist. For fire, we've built an application where they carry all the prefire inspection and planning information in the fire vehicle, but it's very awkward and expensive to update that information as they revise those plans, because it basically means some form of touch to every one of those vehicles. With wireless network, we can set up -- set up the ability to load those updates without that sort of expensive hands-on time. The police are getting ready to deploy an application that helps them with field reporting. Having a broader coverage and higher speed will allow us to help that work flow and supervisory review of those documents from the field be much more efficient. We have field crews who are now, as the bureau of maintenance updates its work management system, looking at ways to take those work -- those work orders and work order details and information out to the field with them. And this kind of network would facilitate this. These are just the obvious ones. We've seen things in other cities. Corpus christi started their wireless network looking to enhance how they did meter reading for their utilities. Corpus christi also found that their ability to add traffic cameras in some intersections was much -- was introduced, because it was much less expensive than to create the -- to get those signals back to where they wanted central control. New orleans found that they were able to put video surveillance into some extremely high-crime areas in an affordable way. So there are other things that we haven't yet touched. And as we go further out, we see more of those. The ability of a public safety vehicle to be able to provide video back to incident command. Making even greater degrees of our data, g.i.s./building data available. Those files are too big to physically move out to a vehicle to somebody in the field today, etc. In the long run, this kind of network helps us meet our real goal, which is access to government operations and information, for employees, for citizens, when and where it's needed. We think this can help as you chief those. Let me turn this over now to ron white. Scott robinson, the c.t.o. For the Portland public schools, has been a very active member of the committee, but he's unable to be here today. And ron will talk briefly about benefits for both the schools and tri-met.

June 29, 2005

Ron White: Thank you, matt. Good morning. As matt said, i'm just going to cover briefly Portland public schools benefits and tri-met, what we see as the benefits of this project and why we're participating. I think tri-met and Portland public schools are excited about this project. It provides a lot of opportunity that -- for things we can't do today that are meeting -- that would meet current business needs, as well as provide some new potential opportunities for the future. Speaking for Portland public schools on behalf of scott, the things they'll be looking for, they have primarily three reasons, I believe, at this point to participate. And that's to provide redundant connectivity to schools. Portland public schools has network connection circuits to their school buildings, and they see an opportunity to use a broadband service as a backup connection in the event the primary connection fails. They're also looking at wireless access to the schools. That would provide them with wireless network connectivity for students, allowing them to do research and class activities from anywhere on the school campus. And then also improve access from locations other than just school premises. This would allow students to access resources from school, commuting home, or from libraries and so forth. It would also provide better access to parents wanting access to student records. From tri-met's perspective, we're participating to provide information to our customers, and secondly to supply realtime communication to tri-met's field personnel, including our rail and bus drivers, our field supervisors, our maintenance personnel, and transit police. We see three opportunities on this project to provide us this ability to meet these needs, and one would be to access -- have access at transit centers, park-and-rides, and light rail stations, offering our customers to web services and specifically realtime travel information through the wall garden that matt referred to while waiting for their bus and train on platforms. It would also give tri-met personnel access to realtime operation information while they're dealing with activities in the field. Mobile applications for field workers is our -- is one of our second ways we can meet those needs. This would allow tri-met to respond quickly to activities or events that affect the transit system while they're occurring on the street. It would also give tri-met high-speed communication access to bus and rail vehicle information such as on our onboard vehicle video systems, trying to monitor events occurring on the bus. That would also be beneficial to transit police, to get that information before they entered the vehicle to see what was going on on the vehicle. And prepare them better to deal with the situation. Mobile access for transit customers is our third element. Access to web services while commuting on tri-met buses and trains. And free access to tri-met web information, such as realtime transit information from anywhere in the city. That would be critical, especially during the snow and ice periods, when necessarily your destination isn't the normal route you would take to get there, because the system has changed, the buses aren't running on the same schedules, and therefore they could realtime information. Ok, I know where my destination is, this bus isn't available, what are my other options for getting to that destination in the quickest, fastest time possible? For students, this is an opportunity to provide better customer service, increase the efficiency and safety of Portland's transit system. Back to matt.

Lampe: Thanks, ron. Quick highlight of the anticipated project schedule. We're here today to request your approval on issuing an r.f.p. We're scheduling a public workshop in late july. We hope in early august to issue the r.f.p. With written proposals due by the end of september. We'd like to try to reach a selection by mid-november and be back here in mid-december with a contract for approval by the council. If that all goes well, work begins in january and we should see the initial deployment in approximately a six-month time frame. And what we would expect at that point, and a lot of this is driven by where services are that we would be initially on, is a wi-fi cloud around sort of the greater downtown central east side, and some -- and a citywide capability for point-to-point coverage. And then over the next 12 to 24 months, see the wi-fi expand through major commercial and industrial corridors, and into the various neighborhoods. With that, let me introduce paul butcher from intel who will provide a view of wireless that goes beyond Portland.

June 29, 2005

Butcher: First I'd like to say thank you so much. It's an honor being here, Mayor Potter, and gentlemen of the council. Given the tendency for me to get a bit excited about this and ramble, this morning I took some time and I jotted down what I wanted to say. I'd like to approach you and give you this.

Potter: Commissioner Adams is over there. He's an observer this morning.

Butcher: And also, if there's a member of the audience, I have extra copies as well for the press. So good morning. My name is Paul Butcher. I work for Intel Corporation. My title is marketing manager for state and local government, and effectively I work with technology companies and municipalities such as the great city of Portland to foster the adoption of metropolitan-scale broadband networks. More importantly, I work to foster the deployment of solutions or tools underneath these wireless clouds. These tools effectively enable government to be more effective or efficient. They foster economic prosperity and business strength, enabling citizens to access government services as well. As you know, Intel is the state's largest private employer. Intel is the world's largest manufacturer of computer semiconductors or chips for computers and network equipment. Our customers are large network manufacturers, and the thousands of smaller system integrators throughout the country and some of which are here in the Portland area who build and locally care for business customers. Our product life cycles usually involve years of planning prior to the introduction of products to the market. As such, Intel has a unique perspective on many future technologies. If you walk away with anything out of my presentation today, I would ask that you remember that Intel is here to assist. The next few minutes I hope to share with you my perspective on this market, the technology, and to better equip you with knowledge that is pertinent, given the opportunity which you're considering today. So on the environment. A couple points here. One there is a growing community of people, a grassroots movement, if you will, who believe that affordable broadband is an essential as water or electricity. Intel is a member of this community, and I'm proud to say that I am as well. There's a paradigm shift occurring, and it's driven, one, by the cost benefits of wireless over wireline technology, and, two, the environment of innovation and adoption that occurs when any technology gravitates toward standards. 80211 or 80216 allows manufacturers like Intel to design and mass produce chips. As a result, broadband is becoming more affordable. Given the reality and pressing needs of government to be more effective to address the digital divide, economic prosperity, education, cities have been the first to recognize and act on this fact. As with any paradigm shift there are others who do not agree. Their points and concerns should not be dismissed. Having said that, the three-year municipal phenomena is a grassroots movement and would not have occurred unless there was a real need. The couple guiding principles I'd like to point out. I think there's several on this. The first off, broadband is a good thing. Advantages are apparent. Recently my son needed to debate gun ownership rights for a school project. Because of broadband he was able to identify hundreds of arguments for and against ownership within 30 minutes. His grade reflected the ease in which he acquired the information. A child without access to broadband does not have the same opportunity. This addresses the concern with the digital divide. Affordable broadband is better. Intel believes that in a thriving ecosystem such as municipal wireless movement, legislative bands which prevent municipalities from fostering broadband limits innovation. In the same breath, there's an opportunity for private and public partnerships, for business models that are open, transparent, and fair, both to the private sector and at the same time meeting the needs of the community. This is a simplified diagram of a possible metropolitan-scale deployment. A fundamental component of this diagram are the physical assets the city owns. These include your wire line and fiber infrastructure which is represented by the black line at the bottom of the illustration. Also your vertical assets, which includes towers or streetlights, and rooftops. These are the locations where a service provider would mount wireless equipment. The diagram represents, if you will, two different network layers. One for the edge or for P.C. Connectivity is represented by the devices mounted on

June 29, 2005

the light poles. The second can best be referred to as back haul. Back haul would include a number of technologies, including possibly wimax and wire line technologies. The definition of wimax or the usage models around it will change over time. The top of the page represents a new wimax standard and a capability that will support capability to devices such as wimax in the 2007 time frame. Until then, I would point out that most street-level access to the network would be to the devices mounted on street poles or lightposts. Go ahead. So intel did not come up with this definition of a digital city. It's been around for 30, 40 years or so. As I look at a digital city, I recognize it as a community using technology to enable and improve services for government, business, and private citizens. Some essential components of a digital city include, you know, broadband access such as a wireless metropolitan area network obviously. The comprehensive community and i.t. Plan that moves the community toward a multitude of applications that improve the economic vitality and livability of the community. The key point which I don't have written down is there's never an endpoint. It's always a path. I think that's one thing that the committee has recognized. Go ahead. A few years ago when the wireless municipal movement began, the single rallying call emphasized access, and in many cases free access. Communities are starting to realize that access alone does not improve any of the key factors that government officials need to address. A new emphasis on solutions or tools has advanced our thinking. Instead of promoting access, we now understand that these networks are required elements of effective and efficient government. The savings to local government and the value to the taxpayer can best be understood by exploring several categories such as the mobile worker, device monitoring and control, first responders, business and citizens, and finally I would add, and won't go into much detail on this, but telecommunications infrastructure. Matt's already talked about the opportunity with the city's parking meters. The same type of savings and work flow reengineering can be applied to multitude of sensors an meters deployed throughout the city. Examples include utility meters, though it even realistically be utilized by publishers who could affordably monitor when a newspaper box is empty or full. Go ahead. We talked about the mobile work force. Typically about 50% of the city's work force is out in the field. These are the people that are forced to drive back and forth, just to access or submit data. There are many examples of mobile tools coupled with broadband access which are delivering drastic cost savings, given simple work flow reengineering. Imagine a structural or electrical engineer -- or excuse me. Imagine a structural or electrical inspector who can update permit data electronically from a construction site. Not only does the function become more efficient, the data is more accurate, and the contractor is able to organize workers more efficiently and complete the project more quickly. Go ahead. In terms of public safety, i'd simply state that the return cannot be measured in terms of dollars, but more in terms of employee safety, dwindling crime rates, and lives saved. Communities, as matt had mentioned earlier, are looking at ways of transporting video and patient vitals from accident scenes to the emergency room doctor. I've seen affordable technology that can track and help steer a firefighter out of a burning building. Go ahead. For business and citizens, I see an opportunity for parents an teachers to more easily collaborate on their child's education. For business, I see opportunities to not only better utilize current tools out in the field, such as human resource tools, purchasing and customer management tools, but also to reengineer work flows, create new businesses and offer new products. In summary, I hope this information's been helpful. Please remember that intel is here to help. I also have time for any questions. Thank you.

Sten: Any questions for the panel from the council?

Potter: I just want to ask some questions about the digital divide. You know, to me, one of the values of this system is that we can provide the system to people who did not have access before. Low-income communities where the children struggle to use their computers at school, but when they get home there's no reinforcement there. We know that children who grow up with computers do much better in terms of their capacity to grow and also create more opportunities for them in

June 29, 2005

future employment. I want you folks to know that i'm very, very interested in how we make this available to low-income communities. I'm just wondering what you folks have thought about that and how you see this helping low-income communities.

Sten: Let me also say, mayor, there's an expert on that on our second panel.

Potter: Oh, there's an expert on the second panel?

Sten: But I don't want to relieve them of the question either. Intel has been working on this intel, so --

Lampe: Yeah. Let me take a first comment at it, and mention that bob has been an active member of our committee and played quite a role in terms of helping us think through exactly those issues. There are really a couple of pieces to it. One of the things we're seeing is that while the computer itself may be a little -- somewhat of an obstacle, access to broadband is really a much bigger obstacle. And we have, I think, some good reasons to believe, and while it's a little premature to try to guess at what the costs would be, we have pretty good reason to believe that the cost structure that will come out of this kind of providing access is a lower cost structure than people have to face today with either d.s.l. Or cable. So both by adding competition and by adding competition and a means with -- what we see as a lower price structure, we think we can bring that cost down. The second piece is really the wall garden approach, because some of the things we're talking about are -- are resources and accesses that would be available to somebody. Yes, they would need a computer and they would need what's now become, because of the standards, a very low-cost project. When we look back a couple years ago to the cost of the cards to connect to any sort of network, particularly the proprietary ones, those were in the \$200 to \$500 range. Today, because of the standards and interoperability of something like wi-fi, you can go almost anywhere and buy a card or u.s.b. Connector for wi-fi that will work with anybody else's equipment for in the \$15 to \$20 range. That's the power of standards and the power of really a mass market. So we think this really does -- will provide opportunities to do that. The other place where I think it will be helpful is to provide the ability in some places where you have places where people may not have a computer, but you may have a community center, you may have other kinds of facilities, where they can have public access stations that are available for people, but they still need to provide that broadband pipe. Again, if we can bring the broadband pipe to those facilities at a lower cost, then we can make that kind of service much more accessible.

Butcher: I would just complement what matt had to say by saying there are a number of models out there that enable communities to extend broadband, as well as p.c. Programs to help underserved or individuals who might be considered on the fringe to get access to that technology. Models such as limited bandwidth. Grants or funding from the program itself can be used to offset some of the costs for individuals, possibly in terms of zip code areas or individuals who submit for support and assistance, if you will. There are limitations on time, for example, as well. There's a number of ways of doing this. Communities like corpus christi, like philadelphia, like san francisco, are all looking at these models. And there are more.

Sten: Ok. Thank you. Thank you very much. That was terrific. Let me caught second panel, which is roger jones from the alliance of Portland neighborhood businesses, and nigel ballard from matrix networks and rob bowl of one economy. Gentlemen, come on up. These will be our final speakers and then we'll open it up to public testimony. Your first panel was very informative and loquacious. I may have to ask you to be brief, as we've got a big agenda.

Roger Jones, Alliance of Portland Neighborhood Business Associations: I'll be so brief you won't know I was here. Roger jones, alliance of Portland neighborhood --

Sten: That will never happen, roger.

Jones: I'm sorry. You know me too well. Roger jones, alliance of Portland neighborhood business associations. And as a -- as sort of a newbie to this committee, this core group for the last six months, have been very impressed at their ability to go out and talk to businesses and discuss the

June 29, 2005

economic development factors that are -- that are so important about deploying the system. Just a personal note. I mean, this morning at midnight I could go on my local wireless, get a bureau of development services report about some building permit information, and then make some appointments early this morning that got me here on time instead of late as I show up once in a while. Anyway, the point is that we can take that technology that's available in the office right out to the -- to the air, to the air of our city, anywhere that you've got a laptop, you can do that kind of work. I'd like to see that. Our business this the neighborhoods would like to see that. And i'm going to cut it off, because you've got a great product and some great speakers. So thank you for listening.

Sten: Thanks, roger.

Nigel Ballard, Matrix Networks: My name is nigel ballard. I work with a local telecoms company called matrix networks. I'll keep it brief, as my colleagues basically told you most of the good stuff, so they've taken all the fire from my cannon. What i'll do is step back and give an overview to anyone who is still having some difficulty grasping what it would mean to Portland to have a wi-fi cloud. I can take a number of angles. First we have a lot of vacant office space downtown. Having an alternative and hopefully a competitive method of getting internet access would make downtown Portland a more attractive relocation situation, because it's pretty hard nowadays to run any kind of enterprise unless you have internet access. Dial-up doesn't really cut it now, because people are generating websites full of rich media content, and you really need a broadband connection to get them. Since the ruling yesterday, the cable network is staying closed, and our local telephone company has no desire to bridge said digital divide, so the choices today are very limited if we have a competitive wireless vendor or vendors running over our unwired Portland network, then I believe the price will get keener, which has to be good for everyone. Well, everyone except the cable company and the phone company. So that's number one. Secondly, this wireless cloud will be very convenient for those of us that have wireless laptops. It's almost impossible to buy a laptop now that doesn't have wireless built in. Wouldn't it improve the quality of our life, if we could roam around Portland an just open it up and check our email and surf the web, etc. That's nice for those of us that are in the haves, but what about the have-nots? Well, if you consider that the low-income areas are Portland are also covered by this wireless cloud, as was already stated, I believe, by matt, we have a whole list of nonprofit sites that have to be accessible for free 24/7 by anyone within the cloud. And we've put in all schools, all the colleges, the hospitals, the library, health, Oregon food bank, 24/7, irrespective of who you are, you will be able to access these pertinent sites that have some sort of social relevance, but don't compete way network operator. You can get a computer for free in this town. Just go to free geek and they teach you how to build it. So I don't take the argument, well, ok, so we're in a cloud, but we can't afford to buy a computer. You can go out for less than \$20 and buy a wi-fi adapter which you can plug in the back of a very, very old computer, voila, you're online. There is a digital divide out there. The ease with which most of us can access information today means effectively we race ahead, we think nothing of swinging around in our nice executive chairs, hitting the space bar, and google is there and the secrets of the world are at our finger tips. You take a ride 40 blocks north along m.l.k. And it's a different kind of picture. I believe having this wireless cloud in Portland will help bridge that digital divide, will enable low-income families to have better access to information. I visit catlin gable school, and everyone there has a laptop. I visit a school in m.l.k., and everyone looks at a picture of a laptop. It would be real nice, if this network, which will come at zero cost to the city or taxpayers, makes Portland a more desirable and richer city to live in.

Robert Bole, One Economy: My name is robert bole, the regional vice president for one economy corporation whose sole purpose in life was to wrestle marshall runkle away from public service. [laughter] which we've successfully done. I wanted to sort of broaden a little bit and address some of the issues that you have, mayor Potter. And, you know, technology is no longer a luxury. I just

June 29, 2005

want to say that up front. It is an essential part of our daily lives. It's an essential part of our major life moments, such as finding a new job or finding healthcare. And that is true, whether you're rich or poor. The good thing about the internet is that it's no longer exclusive tool, it's a common tool. The Oregon p.u.c. Recently did a consumer survey that found that 43% of households earning under \$25,000 in this region had a computer and internet in their home. At 22% of those households paid \$40 on average a month for broadband. That is a significant change. That is going to continue to change significantly. The interesting part about it, let's not pat ourselves too far on the back, because the coast and central Oregon actually had more users at that income range having computers and using broadband. We're behind the curve in the sense of this metropolitan region versus some places in the state. So for me unwired Portland and this wireless project is a pretty bold but very critical tool for community development. It's not necessarily just a tool about having a network, but the way in which we serve and help low-income people, especially move up and improve the quality of their lives. So it offers Portland a chance, and that's if we take it, much beyond the government services, to have someone like, who I know a young mother, who goes home after -- puts the kids to bed, logs on, and converses with her teacher about how to help her child in school. She also then goes on and actually takes some p.c.c. Classes, while searching for childcare for her 5-year-old. The key part here is that we need to make that accessible to people. And so really for me the question isn't with respect to low-income people, it's not will they come, because frankly they're already here. They're already using the service. And we shouldn't, just to speak frankly, I don't think we should think of this as progressive social policy, but we're frankly playing catch-up with what our residents are already demanding and are not getting the service. We're behind the curve in the sense of what people are demanding in the community. The real question for me is will they be able to afford it? And while we don't know the specific numbers as you heard before, which leads me to even encourage greater robust work within the city at negotiating with a provider, I believe we'll be competitive in trying to get a price that will be competitive for accessible to everyone. Partially some of the questions that you had, mayor Potter, was one economy and other organizations are out there trying to help more people understand the use of technology who don't have that access. Free geek is there, personal telco is there. One of the things that we've been doing here in the city is gathering young people who come from the communities that we serve, that have an interest in technology, have an interest in changing their life, and we call them digital connectors. They're going out, into the city, working at community events, going door-to-door, going business to business, to help people understand how to use technology, how to get access tight. There's one thing saying about making sure we have programs available, and the other getting outside the four walls of where we work or live, and going out into the community to help people. For one economy, young people are an essential part of that. We look forward to working with the city to expand that program, around the calendar year, also getting more kids involves. In Chicago, we have 100 kids. In San Francisco we have 55 kids. In Washington, D.C., we have 75 kids. I'd like to -- we have 10. We're starting here. So frankly families today have valued internet access as paying customers. As I said, 22% of low-income, poor families are paying \$40 a month. They know what's important to them. They know what they need. And by voting for this resolution and continuing to exhibit leadership in this area, you're really standing next to families and saying, we believe in you, we really do want to support you in this work. So we wholeheartedly support it and look forward to working with the city. Thanks.

Sten: Thanks. That was terrific. Questions, council? Thanks.

Potter: Thank you.

Sten: And these panels will stay with us through the r.f.p. Process, which is critical. Public testimony, I think, mayor.

Parsons: We do have Chris Smith.

Sten: That's why he was here. A man who's been known to use the internet.

June 29, 2005

Chris Smith: A little bit. Good morning, Chris Smith, 2343 Northwest Pettygrove Street. For purposes of Commissioner Adams' proposed lobbying ordinance I'm here representing myself. My current bedtime reading is "The World is Flat." Tom Friedman's new book, courtesy of our excellent county library. He talks about trends that are causing the world to converge and radical restructuring that's causing. The internet is certainly one of those. He talks about wireless access in a category of things he calls steroids in the sense that they amplify other effects. And yeah, I believe my personal experience is really strong testimony to that. I'm at the extreme end of the digital divide. And I pay almost \$200 a month to enjoy that privilege. I pay Comcast \$50 to have broadband at home. I pay T-Mobile \$20 on top of my cellphone bill to browse the web and get email on my cellphone. I pay T-Mobile another \$20 to take my laptop to any Starbucks or Kinko's and connect wireless to the internet, and for occasions when I'm not near one of those places I pay Verizon \$80 a month for a card to my laptop that will connect me anywhere that cellular reaches. I enjoy connectivity pretty much anywhere. I even get twitchy if I can't connect to the internet. That makes me effective at work. My day job is with Tektronics in Wilsonville. I do mostly telecommuting. So I have another 30 hours a week to work on projects. And I'm certainly more effective, both for my employer and in the advocacy I do in the community because I'm so connected. And I'm here today to testify in support of this proposal, because I don't believe that the benefits of that effectiveness and efficiency should be limited to people like me who can afford \$200 a month, but should go to every school child, every citizen in the community. I want those steroids pumping up the education of our kids, our local economy, the effectiveness of our government, and the productivity of every citizen. So I think this is a no-brainer and usually absolutely do it.

Potter: Thank you, Chris.

Sten: Thanks.

Potter: Is that it?

Parsons: One more. Steve Schroedl.

Potter: Thank you for being here. Could you state your name when you testify, please. You have three minutes.

Steve Schroedl: Thank you. I'm the president of Verilan, a wireless company here in town. I'd like to say I'm definitely in support of doing this R.F.P. I'd like to also address that there is an incumbent already providing service in the area. For the last year we've been providing 56 k. For the digital divide for free. I do see that we need to bridge the digital divide. The computers from Free Geek and other assets the City of Portland has that could rotate out their old laptops or desktops, that would be a great addition to the R.F.P. Process to identify how we're going to get the computers and the skills and the knowledge to the end user so they can maintain their own equipment and raise their quality of life using this technology. We were the first 802.16 network deployed in America. [inaudible] we've built five networks for cities, Pacific Northwest, as well as 1,000 square miles in Santo Domingo. [inaudible] I would ask that Council look at how we can work with local businesses instead of -- and create more jobs for people who will support the network through local companies. That's all I have to say.

Sten: Thank you.

Potter: Well, thank you for your efforts to make our community more wireless. Appreciate it. Others?

Potter: Questions from the Council? Sue, please call the roll.

Adams: Well, I just -- great presentation, very informative, very supportive of this effort, will be voting in support of issuing the R.F.P., the additional high-speed access, the fact it's being done in partnership with the private sector, that limits the potential liability of the city, the opportunity for having a network that can be updated on a regular basis, the partnership with school districts, trimet, and all the other jurisdictions, this is a neighborhood business districts, Intel, this is a great

June 29, 2005

effort and congratulate commissioner erik Sten for his longtime advocacy in this area. We might not have won at supreme court, but we're winning here today at the city council. And onward we go. Aye.

Saltzman: Well, I applaud this effort by commissioner Sten and the bureau of technology services, and the people who worked long and hard in this r.f.p. To bring enhanced wireless broadband internet to our businesses and our citizens. Having one of the highest internet penetration rates in the country, Portland is home to a creative class with mobile bandwidth needs, and these needs are not currently being met by our incumbent providers, and necessitated the need for a local solution like we envisioned here today. What I appreciate about our approach is that this r.f.p. Will instigate a public/private partnership, wireless provisions without the use of direct taxpayer dollars, an innovative approach that i'm hopeful will work. I think we all are. It will give a competitive edge for economic development, enhance many of our public services, and it will also infuse competition into the broadband marketplace, bringing down the price and creating more locally-owned businesses. So I support this effort. I look forward to tracking this project as it moves through its implementation phases. Given we're a cloudy city, this is one cloud we can look on with pride, and every time I look up at that wi-fi cloud i'll be seeing marshall runkle up there. [laughter] so i'm pleased to support this, and thank you marshall runkle for his tremendous leadership in making this happen. Aye.

Sten: Well, thank you. I said my piece at the beginning, so i'll just end by saying two things. One again I would like to thank marshall. This is a fitting last project for him to bring before council. As smooth as this has been today, actually we've been working on this for a long time, and it's a discussion that's taken a lot of work to go from what I think is an obvious goal and vision of having a lot more wireless to coming up with a strategy to get it. And with what we found in a lot of discussions that marshall spent of time working through and brainstorming is how you do it and how you set up an approach that gets the partners interested and on board is -- we're one of the first places to do it. I think this is a very promising model. Secondly, I do believe once these r.f.p.'s come in they will be another test case, an opportunity for mayor Potter, your approach, to getting all of us working together as a team, because although we're not putting up money, I fully anticipate there's going to be a sense of how do we get the different bureau facilities and other places all functioning together in a way that really incents the private sector and gives them an opportunity to pull this off. I think it's a project that we all need to work on when it comes back. I'm glad to here people are enthusiastic about it. Of course I vote aye.

Potter: Now that I realize that marshall runkle is a star in our firmaments now, I feel much better at night now. But marshall, kidding aside, I think it's a great last hurrah for you. You've done a lot for our city. I appreciate what you've done. Look forward to working with you in your new job. I'm excited about this, this project, because I think it's going to take Portland to another level. And it's going to take the citizens and our children to another level. And I think it's got to provide opportunities that have not existed before. And I think it will encourage more of our creative class to move here to Portland, because we offer the kind of tools that they can use and that they're familiar with. There's so many wide-ranging opportunities here. I appreciate the leadership that commissioner Sten has exerted in this. I think that this will, I think, even though it's a moment on our council agenda, will have a tremendous effect for decades to come. So I appreciate the hard work of matt and all the good folks at b.t.s., our partners at intel and other companies. This I think heralds a new day for Portland, and I look forward to being part of that process. I vote aye. [gavel pounded] thank you.

Item 719.

Potter: I'd like at this moment -- earlier we voted to confirm the vote for sal kadri to the Portland development commission. Mr. Kadri is here now. Sal, could you come forward, along with

June 29, 2005

commissioner janice wilson, and commissioner-elect mark rosenbaum. And if the rest of you good telecommunications folks could take your conversation outside. Good morning.

Sal Kadri: Good morning.

Potter: This is sal kadri. Sal, if you'd like to say a few words to the commissioners. I think most folks here know you, but just to express some of your ideas about you'd like to do as a Portland development commission commissioner.

Kadri: I did come prepared for that part. So you have an opportunity to reverse your decision. [laughter] first of all, i'm very impressed with the proficiency and efficiency of this council to take the actions while I was not here. My vision of what I can advocate at the council is to try to get more community development, which has some of the benefits to -- to the varieties of folks, diverse communities, and so on. And I can maybe sure this with you at length at another time, because you have a big agenda now. The key part is, is that you have placed a trust in me, and I will endeavor to continue to earn that trust and work with the council, and of course the council members at p.d.c. As well. That's generally what it is. I'd like to keep the process as -- as transparent, while give the credit to the innovators and their confidentiality.

Potter: Any questions for mr. Kadri? Sal, I certainly appreciate you as a businessperson here in Portland willing to assist in the development -- our economic development here in Portland, to create more opportunities for homeownership and to assist small businesses in becoming more successful. So thank you for taking that challenge on. And I want to thank you commissioner wilson for your years of service on the Portland development commission. I appreciate what you've done. And I hope that you stay involved. I know you're going to the odot commission, but I hope that you also stay involved with Portland, because we certainly need your wisdom and your guidance.

Janice Wilson: Thank you. And I look forward to working with all of you on transportation issues of the region. Thank you very much.

Adams: I'd also like to echo my thanks for commissioner wilson's good work as a p.d.c. Commissioner I could always count on you to ask good, tough questions of everybody. And I think that that served the process and the agency well. So thank you for all your hard work.

Wilson: Thank you. I look forward to working with you as the transportation commissioner.

Adams: Absolutely.

Saltzman: I'd like to thank commissioner wilson also for her tenure on the p.d.c. We already said nice things about you, sal, earlier.

Adams: You weren't here to hear them.

Saltzman: We didn't have this chance to thank janice wilson for her tenure, and i'd also say all the other skills she brings, she also has a lot of guts. That's something there's all too few of in public service these days. Appreciate that as well.

Wilson: Thank you. And we're happy to announce today that we have a new executive director. Thank you very much for naming bruce warner. He'll be the executive director. I feel very confident and good as I leave the commission. [inaudible]

Moore: Commissioner-elect rosenbaum, you're the other rookie on this group. Any words?

Mark Rosenbaum: I'm the second member of the freshman class.

Adams: Let the hazing begin.

Rosenbaum: Yeah. And I would just add, first of all, the unbelievable amount of help and assistance that commissioner wilson has offered, extended to me over the last few months to try to bring me up to speed on key issues. She's just been phenomenal. Her integrity and her clarity in terms of vision and what's going on is extraordinary. And I just would mention that in the time that sal and I have had a chance to meet on a few occasions and talk about the issues with p.d.c., I also look forward working with him, offering our assistance to the new executive director as he takes on these new challenges. I'm very heartened by the council's selection of sal and his background and

June 29, 2005

experience, and i'm very heartened as well by the new executive director selection, and look forward to -- to what goes on from here on. Thank you.

Potter: Well, thank you all. And welcome, mr. Kadri, to Portland development commission.

Kadri: Thanks.

Sten: Thanks, janice.

Potter: Mark and mr. Kadri will be taking office on august 1.

Item 714 reconsidered.

Potter: As reminded by the council clerk that we have to come back and vote in the amendment to the o.n.i. Ordinance. So I ask -- do we need a motion or is it just --

Ben Walters, Sr. Deputy City Attorney: Technically there should be a motion for reconsideration of the --

Saltzman: I would move to reconsider our vote on item 714.

Adams: Second.

Potter: Ok. Please call the roll.

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

Potter: Aye. [gavel pounded]

Walters: Now, you'll need a motion to move the amendment to the ordinance.

Saltzman: Move the amendment to ordinance 714.

Adams: Second.

Potter: Call the roll.

Adams: Aye. **Saltzman:** Aye. **Sten:** Aye. **Potter:** Aye. [gavel pounded]

Walters: Now, you'll need a motion to approve the amended ordinance.

Potter: You're kidding.

Walters: Nope.

Potter: Ok. A motion.

Saltzman: I move approval of the amended ordinance, 714.

Adams: Second.

Potter: Roll call.

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

Potter: Aye. [gavel pounded] we just had some guests come in to the room. This is a 28-member delegation from the chinese ministry of construction. The delegation is headed by the director of the general department of urban and rural planning for the chinese ministry of construction. They're here for an eight-day training in program in sustainable development sponsored by p.s.u., the national policy consensus center at p.s.u., and the china/u.s. Sustainable development center. Other cities of the delegation will be visiting during their trip include boston, chicago, and Washington, d.c. And i'm very pleased that they started with the best first. Thank you for being here. Please stand. [applause] thank you. Thank you very much.

*******:** Thank you. Council is adjourned --

Parsons: One more. 722.

Potter: Excuse me. Thank you. Sit down, please. Thank you. Ok, please read item 722.

Item 722.

Potter: Thank you. Turn this over to commissioner Saltzman.

Saltzman: Thank you, mr. Mayor, members of the council. I appreciate the opportunity to bring this resolution to the council. Despite being preventative and treatable diseases, malaria and measles continue to rank as the leading cause of mortality in much of the african nations followed only by aids and h.i.v. I think it's particularly poignant that after our discussion about the need for affordable broadband, that we turn our focus just for a moment to the tremendous needs of nations like -- continents I should say like africa, where affordable broadband, while may be important, it pales in the comparison with the need to find ways to eliminate treatable and preventable diseases

June 29, 2005

like measles and malaria that affect millions and millions of people, and don't allow many kids to realize a future, and their parents. Pregnant women and young children in subsaharan africa, bear the overwhelming burden of these diseases. Those who survive suffer recurrent fever, malnutrition, cognitive delay, and neurological damages. And beyond the health implications, measles and malaria impact social and economic structures, costing african nations an estimated \$10 billion to \$12 billion in lost gross domestic product each year. Mozambique is among the 10 nations most affected by measles and malaria. Malaria is the country's primary cause of death resulting in an estimated 60,000 deaths each year across all ages. Measles is the leading vaccine preventable childhood killer in the world. A disease barely remembered by most of us in this country, it takes its toll on poor children every year. Each year 23 million children face the tragedy of this sickness and will die from it. The good news is that the measles initiative launched by the american red cross, united nations, and the centers for disease control, is committed to controlling measles deaths in africa by vaccinating 200 million children and preventing 1. Million deaths over five years. This worldwide immunization campaign has already vaccinated almost 9 million children against measles. The fight against measles is growing with a worldwide support and it makes sense for us to join this effort in a symbolic way by declaring july measles and malaria prevention month. And this resolution will add our voice to those calling for mercy. I just want to -- before I turn it over to our panel here, which is phil busse of the Portland mercury, and mary lofton, american director of the Oregon trail chant fore the red cross, they'll tell you more about what they're doing to start to raise awareness, as well as to raise money for vaccinations. I couldn't help but note in yesterday's "the Oregonian" that the gates foundation has awarded \$436 million to 45 projects dealing -- research projects dealing with malaria and malnutrition, primarily directed at african nations. I saw this quote by bill gates is pretty poignant to this discussion, too. He says "it's shocking how little research is directed toward diseases of the world's poorest countries." and I think that's how -- really something this is all about. We need to research and find more, but also need to take what we already know how to do, vaccinations, and make sure we vaccinate those children across the world. So with that, i'll turn it over to phil and mary laughlin.

Phil Busse, Red Cross Oregon Trail Chapter: Good morning, mayor Potter and council members. I'm phil busse from north Portland. The red cross wanted Portland to compete against seattle to see how much money we could raise for the measles initiative, which perhaps would have been unfair with bill gates on their side. [laughter] I want to thank council for the opportunity to present this resolution, especially to commissioner Saltzman for his eagerness and his support. The idea for this resolution came by sort of as a perfect to the form of ideas. At the tail end of the tsunami relief this winter I started thinking, what else, what else can a city like Portland do, which had shown a lot of concern and a lot of efforts to help out the relief victims. I also remembered that corvallis a couple years ago had an awareness month for land mines, and they raised enough funds to sweep clean a field in afghanistan from land mines. I spent some time in zimbabwe. We have a sister city there, unfortunately unreachable right now for relief efforts. And i've come from a family of immunologists. This came together as very achievable measure that we could do, that Portland residents could do to flex their social consciousness. I had an opportunity to talk to mary miller, the communications director for the Oregon chapter. She's a friend and found out coincidentally that there was a measles initiative. Red cross will will handle the logistics already ongoing in mozambique. This is an amazing opportunity, because there aren't administrative costs really for the city of Portland for Portland measles initiative to cover. This money goes straight to the children that need it. There's a gazillion problems in the world, and it just seemed that this would be an opportunity to focus on one very achievable result. During the month of july, myself and the red cross are planning grassroots efforts, as well as some public educational opportunities to talk about measles and malaria. I think that the resolution is an opportunity to formalize those concerns and those efforts. It's an opportunity for residents to express themselves again just as they did after

June 29, 2005

the tsunami relief efforts. I also think it's a unique opportunity for Portland to be a leader in showing how a city can help with global concerns. I want to thank you for the opportunity to consider this resolution.

Mary Laughlin, American Red Cross: Good afternoon. Actually I guess we're a few minutes before noon, so good morning. I'm Mary Laughlin, executive director of the American Red Cross Oregon Trail chapter. Thank you for the opportunity to talk to you about saving lives in Africa. I'm grateful to Commissioner Saltzman and Promise King for their enthusiasm toward this initiative. I also want to thank Commissioners Adams and Sten for making time to meet with us this week. Now that you've heard about the threat of measles and malaria, I'd like to explain how the measles initiative works and why it's important to the American Red Cross. The measles initiative began in 2001 and is a long-term commitment to eliminating the disease in Africa by vaccinating every at-risk child over a period of five years saving 1.2 million lives. Measles vaccinations are the most effective intervention in the world, because it only costs \$1 to save a life. This partners the American Red Cross with the United Nations Foundation, UNICEF, the World Health Organization and CDC. In Kenya, the largest vaccination campaign to date, more than 13.3 million children were vaccinated in one week. That's 40% of the population in that entire country. Many African mothers won't even name their children until they've gone through measles because it does attack the children and so many die, they won't even name their child till they've had the disease. An American pediatrician working in Africa said, "I spend my days treating kids with measles, trying to keep them from dying, and I step back and I realize that with one simple shot this can all be prevented. It boggles my mind." After the South Asian tsunami the American Red Cross Oregon chapter was both humbled by the outpouring of donations. In a mere six weeks, \$1 billion was donated to the International Red Cross, with \$2 million coming from the Portland metropolitan area. In fact, Sharon Glisan with the American Red Cross from Washington, D.C. is here with us today because we will be traveling from here to Hillsboro to present a humanitarian award to Intel, who you heard from earlier, because they made a significant donation to tsunami relief earlier this year. So when businesses present their checks and schoolchildren would deliver their pickle jars filled with pennies, so many of them would ask us, what else can we do to help? That's when we knew it was time for Portland to get behind the measles initiative, but with so many needs in our local community, our Red Cross chapter was concerned that it might be too much to handle. Just last night our volunteers were in Beaverton and in Hillsboro helping 13 adults and two children after two fires destroyed their homes. But Phil came to the Red Cross and expressed interest in helping children in Africa, and we knew that we could finally support this wonderful program. He gets things done and has been a great advocate for our in our fundraising efforts. The American National Red Cross in Washington, D.C. has been eager to see Portland support the measles initiative because they know the potential is great. After 9/11 Oregon sent more volunteers per capita than any other state in the nation. It is our nature to help others, and we know we can make a difference in Mozambique. When you go to bed tonight, think about this -- 1200 innocent children will have died today from measles in Africa. Due to a disease that could have and should have been prevented. Our goal is noble and attainable. So please join us in fighting against measles by using your voice to spread the word about measles and you can also help us make online donations at www.redcrosspdx.org or calling us locally. Thank you for your time.

Potter: Thank you. Any questions?

Adams: I have my donation to give you.

Laughlin: Thank you. I have a wonderful box for each of you.

Adams: Oh, good.

Laughlin: We spoke about this in some meetings. We'll also have flyers and things. I'll give these to you as I exit if that's all right.

Adams: Perfect.

June 29, 2005

Potter: Thank you, phil, for taking the leadership on this. That's very much appreciated.

Adams: Absolutely.

Potter: Good. Any further questions? Were there any other people to testify?

Potter: Could you please call the roll.

Adams: Well, phil, and mary, congratulations on your new position.

*******:** Thank you so much.

Adams: Happy to support this. I like the idea of taking on a targeted specific, doable incredibly important project that helps a part of the world that can't necessarily help itself in this regard. So i'm enthusiastic in saying aye.

Saltzman: Well, I want to thank phil and the red cross, Oregon trail chapter, for being creative here, to focus in on a tremendous problem, but to really focus in on one country and what each one of us can do to help children and adults in those countries. It's really devastating, the impact of measles and malaria. It's heartening to hear now growing discussions about -- amongst developed nations about forgiving debt to allow these countries to invest in themselves and invest in their economies and to attain things beyond just sustenance of living day to day and surviving birth. Then they can focus on other things like affordable broadband, but we got to start with the basic building blocks, and this is a very important, small step, but significant step in that direction. Aye.

Sten: Thank you. The red cross does such wonderful work. Phil, I appreciate you keeping this alive. The idea of continuing projects that people can do to keep building on that work of those partnerships is just terrific. I'm ready to help spread the wonder and want to do that with you in july. I believe this will be a great success. Thank you so much. Aye.

Potter: Thank you, folks. It's a great effort. I'll be glad to take my little jar and put it up in front of my office so people can contribute. I appreciate the efforts. I often think -- or I was just thinking as you were saying, that there were 1500 children that die before the day is over. If we were saying that about children in Portland, what would we be doing? And yet those children in africa are our children, too. So I appreciate your efforts. And I vote aye, too. [gavel pounded] this is the last -- hopefully the last item on the agenda. We're recessed until 2:00 p.m. Tomorrow afternoon.

At 11:48, Council recessed.

June 30, 2005

JUNE 30, 2005

Potter: Hi.

Ben Walters, Sr. Deputy City Attorney: Hi. Good afternoon. Ben Walters. I'm with the Portland city attorney's office. This resolution authorizes the city attorney to file a petition to intervene in the filing by p.g.e. To issue new common stock and to authorize Stephen Cooper to act -- to influence -- exercise influence over the corporation through serving as the trustee for a reserve of common stock that will be issued at some time down the road, according to the approved bankruptcy plan. So the p.u.c. Has received an application from p.g.e. And Stephen Cooper in this regard, and the city has intervened in prior proceedings involving both the acquisition of Pacificorp and the prior filings by p.g.e., including most recently the Texas Pacific filing. So as a matter of routine, the city is recommending to the council that you authorize participation in this proceeding.

Staff is still going through the filing to evaluate the filing and identify issues that may be presented in the filing, and we'll be coming back to you after we've had more extensive opportunity to go through the filing.

Potter: Any questions? Thank you.

*****: All right. Thank you.

Potter: Is anyone signed up to testify?

Adams: It's very quiet in here.

Parsons: Come up two at a time. Ken Hector and Terry Parker.

Potter: Thank you folks for being here. Mayor Hector, would you like to start.

Mayor Ken Hector, Mayor of Silverton: Thank you, your honor. Mayor Potter, council members, for the record my name is Ken Hector. I reside at 310 Apple Street in Silverton. I'm serving my 13th year as the mayor of Silverton. I'm here today to express concerns regarding the resolutions you're considering, which deal with the acquisition of p.g.e., which does provide electricity to the city of Silverton. It is not our practice to involve ourselves in the actions of other cities, except when those actions have the potential to adversely impact our city, which we believe to be the case in this matter. The old cliché, if it ain't broke it, don't fix it, would seem to be applicable in this acquisition. P.g.e. Has survived a number of challenges, including the Enron debacle and continues to operate extremely well, providing a highly reliable service, and its rates below both the national average, and in many cases equal to the rates of northwest publicly-owned utilities. In addition the property taxes and franchise fees they pay our communities contribute significantly to the budgets of those communities. P.g.e. Contributions to nonprofits, schools and community programs are exemplary. Simply put, the proposed acquisition is a solution in search of a problem when there is no problem. When they've had an opportunity to have a voice in this matter, voters have overwhelmingly said no to this acquisition. While nearly 75% of p.g.e.-provided services out of Portland, your proposal has not provided for meaningful input from those stakeholders. Instead of approaching stakeholders from the outset, Portland has only reacted as opposition has increased. The advisory council appears to be nothing more than window dressing. In short, Portland's actions lack credibility beyond your city limits. As such, we find it most difficult to accept Portland's assurances that its governments will be completely independent. The choices for us as stakeholders are straightforward. Trust the p.u.c. To provide continued oversight of a proven, dependable p.g.e., through a stock distribution with no new debt, or to trust the city of Portland, without p.u.c. Oversight, and be saddled with over \$3 billion in new debt. The fact that the city lost millions in managing its own water utility speaks volumes and makes the choice for us easy. Leave Silverton and p.g.e. Alone. Thank you.

Potter: Thank you.

June 30, 2005

Terry Parker: Thank you for allowing me to testify. My name is Terry Parker. Post office box 13503 here in Portland. As a taxpayer, homeowner, and one of 5,000 resident directors that represent the population of Portland, I oppose this ordinance and the spending of yet another dime toward the purchase of PGE. Portland voters have said no. The city should respect those results. Before any consideration is given to spending taxpayer dollars for any public purchase of a utility of this size, one that affects so many people, the city needs to take an advisory vote from the citizens of Portland. Second, Clark County P.U.D. has some of the highest utility rates in the Pacific Northwest. The city has in no way guaranteed it can manage PGE. And keep a promise to reduce rates. A good example of this lack of competence is the Bureau of Environmental Services where Portland sewer rates, among the highest in the nation, are rising 5.7% each year. That's 77% over the next 10 years, a far greater amount than the rate of inflation. Most city employees and private sector workers do not receive a 5.7% yearly salary increase. To reduce consumer rates instead of buying PGE, maybe the city should consider privatizing the sewer system. Third, with the huge outlay of city taxpayer dollars and the gung-ho approach the council is taking to assume ownership of PGE, there must be a hidden agenda that comes with such a public purchase. It is my belief this hidden agenda is about exercising more control over utility customers. City leaders already make ill use of tax codes in their attempt to control the way people live, move about and shape their own agendas for the city. Such controls not only violate the special privileges the Oregon constitution, but are slowly stripping away the rights of the people, for the people, and by the people basics of a free society. This control has also created self-inflicted congestion, driven families to live in the suburbs and increase the cost of living in the city. It appears what city leaders want now is to control electricity use and how it is produced. That means for some customers who do not use electricity in the way city leaders think they should, or in the eyes of the city to use too much, could see their rates increased. Fourth, does anybody think that common ordinary, average income ratepayer citizens will have any representation and be any part of the makeup of the so-called board of directors? I think not. Even though the proposed board positions have a pay structure that is far less similar -- that is far less than similar positions in the private sector, the board will undoubtedly be comprised of well-to-do executives that already answer to or help control city politics and/or have direct connections or ties to the inner workings of city hall. In other words, it will be a round-up of the insider suspect, political allies to have contributed to political campaigns, family and friends, so on and so forth. If by chance PGE is acquired by Portland, board members should be independently elected and not appointed by any political body or individual. And finally, what comes next after PGE? Taking over the communications cellphone companies so freedom of speech can be controlled or taxed? With all the political rhetoric and clamoring around the city takeover of PGE, the voices who oppose such a purchase are not regarded or listened to. Valued or not, it is my opinion the city should leave well enough alone, build roads, big pipes, other neighborhood enhancements, and let the stock for PGE be distributed to creditors so it can then be traded through the New York Stock Exchange. Thank you.

Potter: Thank you. Thank you, Mayor Hector.

Kathy Goss: Good afternoon, Mayor Potter and Council. My name is Kathy Goss. I reside at P.O. Box 2108 in Salem, Oregon. It's my pleasure to represent the Salem Chamber of Commerce who has 1250 business people that I represent and I'm honored to speak for them today. Before I start, I would like to reiterate our position that we stated in a letter to Mayor Potter on June 6. And we overwhelmingly supported an independent privately-traded utility. We do not support the purchase by the city of Portland. Today's hearing authorizes \$3 billion of indebtedness, and that will go on all ratepayers. Only about 25% of those people have ever had the opportunity to vote for any of you folks. Those out of the city of Salem have not had that honor. Who knows. Maybe we would

June 30, 2005

support you. But there's been no opportunity to do so. When you're encumbering people with that kind of money, I would certainly hope that there would be some kind of vote or acknowledgment. Quite frankly, your council attendance today represents what kind of response outlying cities are going to receive from the city of Portland. There are very few people here. Lots of us spent a long time getting here. If this is the kind of responsiveness that we receive perhaps that's what's fueling the fire against this purchase. We also have concerns that there will be no regulatory body to protect ratepayers or those people coming from out of town. If we have privately-held stock, that will happen as it has in the past. I would like to pose a question. You're having a hearing today. If this hearing is not in your favor, and if this hearing does not recommend support of that \$3 billion, is there any opportunity or any chance that you'll change your position? I think not. I think it's a done deal. That primarily considers the three points I have. And I would like to urge you, very strongly, to listen to people from outlying districts. We have a great stake. In fact, we have a 75% stake in what's happening. Thank you.

Potter: Thank you.

Bill Parish: Is it three minutes? Was that --

Parsons: Clerk: It is. I'm sorry.

Parish: Ok. Great. Thank you for the opportunity to be here. And I guess I'll mix it up a little bit. First of all, I'd like to say congratulations, mayor Potter, for doing a spectacular job in your first six months. Everyone I talk to seems to be especially pleased at a lot of the difficult decisions you're making. Of course this is one. I'm in support of the city of Portland issuing the bonds, and but I also hope you'll consider how this will -- this effort will be impacted by what's occurring with pacific power. You know, there's an old expression that we all tell who we are. I'd like to hold up this little visual I picked up recently. It's see's candy. Ok? See's candy, there's a really nice picture of a real expert in financial pyramid schemes. King tut himself. And this is the -- the official see's candy, warren buffett's candy official candy for the king tut exhibit. Buffet has quite a pyramid scheme established. It's pretty much based on insurance and wal-mart. I've got an article here that will appear in "oregon business" tomorrow. I'll leave several copies for you. And again, my feeling from the beginning was this was all about scottish power. Scottish power was on the block in october of 2003, according to "the london times." it was basically paving the way for scottish power to be sold, a consolidation to occur, whether it be owned by buffet or some foreigner, who knows, but I guess my -- my hope is that you will push forward with this. It's tough. It takes a lot of courage, but I gave a speech back in the midwest in april, about 200 utility executives were there, and the subject was what's going to occur once puca occurs. They were all very interested. I can appreciate some of the comments the other folks say, but there's a whole new world around the corner, and enron stock, in my opinion, will never be distributed. Gathered up by a few insiders. This notion of it returning to the new york stock exchange, I don't think that will happen. I don't think frankly this exercise with the investment bankers related to this -- my fear is related to p.g.e -- is just a training exercise, because citigroup and these other companies have huge contracts with warren buffett. They're doing billion dollar deals all the time. The question you might ask yourself -- what kind of priority are you going to give the city of Portland once citigroup and these other groups are doing billion dollar deals. I hope you come up with the right kind of incentives for stephen cooper and make this deal happen. I hear about this notion about the city worrying about managing p.g.e. It's interesting, because I seem to hear you emphasize many times, that you've made a commitment you won't manage p.g.e. You'll have it privately managed. I'd be in favor of that. I guess to finish my testimony, perhaps the question I would ask is, does Oregon really want to carry the stones, the economic stones, for mr. Buffet's spectacular pyramid or are we willing to

June 30, 2005

do something that's a little more community-based. It will be a tough decision. It will take a lot of courage. But I think you're on the right track and I hope you do it. Thank you.

Potter: Thank you folks for being here.

Potter: Thank you for being here, folks. Please state your name when you testify. You each have three minutes.

Mike Morgan: I'm mike morgan. I'm an attorney at the law firm of tonkin torp, practicing law down the street. I'm here today representing enron and Portland general electric company, and here to address the ordinance on revenue bonds. We've read the ordinance. It seems to us that the ordinance is broad enough as written that the proceeds from the sale of the bonds could be used to condemn electric utility property of p.g.e. We've been consistent in saying that we don't think that condemnation of any part of p.g.e.'s system is in the best interest of p.g.e.'s customers or in the best interest of p.g.e. In light of that, we'd like to request that the council consider adding to the ordinance an amendment, which makes it clear that the proceeds from the sale of the bonds cannot be used for purposes of condemnation. Thank you.

Potter: Thank you, sir.

Frank Dane: My name is frank dane. I reside at menafee lane in Portland Oregon on the southwest. I want to thank you for this opportunity to address honorable mayor and council members. A little background. I've been a certified public accountant in two states. I'm an attorney and business executive. So I have knowledge and experience in operating businesses, both public entities and private for-profit organizations. And i'm also the chairman of the libertarian party of Multnomah county. I want to state that i'm very concerned about the possibility of the authorization of \$3 billion in bonds. I understand the revenue bonds in that p.g.e. May be profitable now, and that revenue bonds are meant to be paid from the revenues, but there are no guarantees of continued profitability. And what happens if the bonds can't be paid from the revenues? \$3 billion burden will fall on the taxpayers. And very significantly, if that burden does fall on the taxpayers, it will fall upon the taxpayers of Portland. And we would be carrying the entire burden of the debt, and as the woman who preceded me has pointed out, about 75% of the power goes outside of Portland. Why we take that risk with enron playing, the same access to power without the risk. And we could focus city resources, including your attention, which I believe is one of our city's most valuable resources, on our other priorities. And I think you could say some of those priorities are the three p's -- potholes, public education, and pensions. Our roads are full of potholes. Many question the way that we're spending our budgets on education. And I understand that we're carrying an unfunded police and fire pension liability in excess of a billion dollars. With all that happening, it's beyond my comprehension how we could even consider \$3 billion to put into an area where the private sector can handle it and is willing to handle it and there's an alternate plan. So I want to state unequivocally, the libertarian party of Multnomah county opposes the issuance of revenue bonds without direct approval of the voters. I think you're going to find if the bonds are authorized without approval of the voters, there will be an outpouring of public support to have your action reversed. I'd like to call your attention back to measure 30, as an example of voters' success in similar circumstances. If you recall at the state level, the governor and the legislature passed a \$1.2 billion tax increase which was ultimately repealed because they did it without approval of the electorate. The real point i'd like to make here that I believe many people who supported our efforts in having that repealed did so not so much as a protest against the tax, but as a protest of having the tax pass without their approval, without their vote. Let's not make the same mistake that the state made. It's costly, time-consuming. Let's do it right the first time and put it to the voters. Thank you.

Potter: Thank you very much.

June 30, 2005

Sten: Thank you.

Potter: Please state your name when you testify and you have three minutes.

Eugene Grant: I'm Eugene Grant, mayor of the city of Happy Valley. I reside at 11311 Southwest Shoreview Court in Happy Valley. What I've given you is a copy of an email message I sent to June Mida in response to his request for comments on your -- the proposed plan for governance, if the city does acquire P.G.E. and turn it into a public power utility. I sent attached to this message a message to Ken Strbeck. If you're interested, you can get it from --

Sten: I have reviewed it. I'm on the board as well.

Grant: Good. All right. Well, I just wanted to reiterate the point that I made here, that in reviewing your governance plan, there was no attempt to provide assurance that the governance of the utility would be fairly reasonable within a reasonable period of time. And the city of Happy Valley, city council, unanimously would prefer that P.G.E. remain private, but if it is going to become a public utility we feel strongly that there needs to be a legally enforceable governance document, agreement, whatever it's called, but you need to have our city attorney tell us -- we need to have our city attorney tell us that it's legally enforceable as far as transitioning to a regional form of governance. We haven't seen anything yet that even purports to say that the city of provide something legally enforceable. And without that, I mean we can't just rely upon sort of, you know, the statement that you intend to do something. We want more than a letter of intent. We want a binding agreement. And I am a lawyer as well. And based on my knowledge of the law, I think it's going to be very difficult for you to provide something that's legally binding without legislative enabling of it, because the intergovernmental agreements can't bind the hands of future city councils. And those are typically relatively short-term agreements and the city attorneys have -- you know, from our city, as well as other jurisdictions, have told us that you can't use an intergovernmental agreement as a means for something like this that would be a permanent governance structure. So I think you really need -- we need to get the attorneys talking together about how we're going to come up with something that the other cities can really rely on. If you're really serious about doing this, we've got to have something that we can really rely on as far as our concerns about not wanting to have the city of Portland controlling the distribution and generation of power for these other cities like Happy Valley. We're not the only city. There are many others, in Clackamas County, and the other counties, that share these concerns. And if you don't provide that kind of legally-binding commitment or agreement, I think you're going to find a coalition of cities that will be very actively opposing it by any means legally possible. And I don't think you really want to end up in that situation. Thank you very much.

Potter: Thank you, Mr. Grant.

Adams: Thank you.

Liz Trojan: Hello, Mayor, Commissioners. My name is Liz Trojan. I represent the Oregon Public Power Coalition. We're the group responsible for putting P.U.D.'s on the ballot in the four service areas -- four counties where P.G.E. has service territory. We're very pleased with the progress that the city has made to -- to get public ownership of a local utility. We're long overdue. Public power means lower rates and local control. The analogy that we often use is one of homeownership. We can continue to be renters or we can buckle down, purchase this utility, and save a lot of money and rates. 10% short-term. Much more long-term. So I don't have a prepared statement. That's just it.

Thank you.

Potter: Thank you.

Adams: Thanks.

Potter: Is that it? Questions from the council?

June 30, 2005

Adams: Are we going to have anyone address the concerns raised? Or what was the plan? Is that the second one?

Sten: Well, I think we took public testimony for both. This first vote is just on authorizing the council to intervene. So I guess we could proceed however you'd like, mayor Potter, speak to all of the issues in general and then --

Potter: One is a resolution and there's a nonemergency, then it moves to a second reading. Let's handle them separately.

Sten: Ok. Well, I would recommend, then, to vote on the resolution. The first thing we heard, just for everybody in the audience, and we had a sign-up sheet for the whole topic, is just allowing the city to intervene in the proceeding before the p.u.c. In regards to the stock redistribution. And I think the city has intervened in every proposal, just as every other of the trade groups and folks. So this does not at this point state the city's position on the stock redistribution. That will come at a later council hearing and the council would have to think that through. But we have to authorize formally our ability to intervene, which is what we have to do at that point. So I for one, on this talking before I vote, of course we should intervene, and we've often intervened in support and sometimes not in support. I am, you know, very interested in some of the questions that have been raised. I don't know the answers. There's been a general sense out there that -- that's being pushed, that the stock redistribution ends up in the publicly-traded company. And I think that's a good result compared to what we've the last five years with enron. I'm surprised that the confidence the libertarian party has put in enron, but I understand. But it does not, however, necessarily mean it has to happen. As I read it, an this is why I want our people to look at it much harder and get back to the council before we take a position, enron controls the company until the stock redistribution is finished and they can sell the company at anytime. And so I think there's no sure thing, and I think we need to have a look into how all those mechanisms work, and particularly the people supporting the stock redistribution ought to be looking at that objectively with us. All this does on the first one is authorize us legally to take that look and move toward a position. I would expect salem chamber of commerce and others will be looking at that as well. Most testimony was actually on the revenue bonds which come next. I suggest we vote on this resolution and vote on the revenue bonds.

Potter: Ok. Sue, read the call.

Adams: Of course I want the city of Portland to have the ability to have access to the information that might be making its way through the p.u.c. That folks that don't -- or I should say organizations who don't seek to intervene, and also the ability to submit comments, I think, is in keeping with our responsibilities as a city council for the city of Portland. I vote aye.

Saltzman: Aye.

Potter: Aye. [gavel pounded] please read item 724.

Item 724.

Sten: Well, I guess, mr. Mayor, there was several pieces shared in the public testimony, which I guess is preceding our financial officer coming up, but i'd probably turn this over to ken rust and harvey rogers, who are key financial officer and bond counsel, and let them make remarks. I'd be glad to give my personal sense of any issues between the testimony.

Potter: Ok. Please proceed.

Ken Rust, Chief Financial Officer: Good afternoon, mayor Potter, members of the city council. For the record, i'm ken rust, the city's chief financial officer. With me is harvey rogers, our bond counsel. The ordinance in front of you would authorize revenue bonds to finance the acquisition of electric system property. That authorization would be limited to \$3 billion. This authorization is being sought pursuant to the state uniform revenue bond act. And bonds under that act can be

June 30, 2005

authorized by a nonemergency ordinance, which this is. So this is our first reading, then passed to a second reading for consideration next week. If it is approved next week, then the bonds do not take effect until the 30-day referral period ends. So it would be 30 days from passage of this ordinance next week, if that were to occur. Finally, I think it's important to note that if the referral is successful, that the bonds could not be authorized until there was an election at -- seeking authority and voters approving that authority. And that election would likely happen in september if there was a successful referral. So I want those facts to be understood. I think it's important to note that the passage of this ordinance, or the consideration of this ordinance and a passage next week, does not obligate the city to issue the bonds. Simply provides the condition of the authority for the city to issue the bonds at a subsequent date. We fully expect that a bond ordinance would be brought to council that had the details of the specific bonds that we would be issuing for council consideration, if and when there was an acquisition of electric system utility property. So this does not obligate the city to issue bonds at all. Even if it was passed next week, and we have a 30-day referral period, there is no referral. The city is not obligated to issue bonds and nothing happens if they don't issue those bonds. Finally, I would like to address the concern that was raised about the obligation and the liability of the city if it was to proceed with an acquisition an issue bonds in the amount of the acquisition. I think it's important to note that what we would be pledging to bondholders are the revenues of the electric system and the electric system only. There would be no additional liability or claim against city revenues, tax revenues, or any other lawful revenues of the city. So therefore residents and taxpayers of the city would not have any additional liability placed upon themselves. All that's pledged to the bondholders are revenues of the electric system and the utility that we would own through the acquisition process. If there are any questions, i'd be happy to answer them. Or if you have questions of harvey, he'd be happy to address those concerns as well.

Potter: Questions? Do you have any?

Adams: I do not, no.

Potter: Thank you.

Sten: I heard raised was particularly mayor grant's point of view. Most of you have worked with mayor grant in metro, through impact, for many years, and he's a very, very thoughtful person. As usual, in my sense, he's right on the money. We've not yet put forward a binding m.o.u. Or i.g.a. We've been trying to figure out the best way to do that. I'm actually meeting with probably 15 mayors out of the territory this afternoon down in salem to talk through this issue. We've been trying to get to a little bit better sense of what should be in it. And then there's the way -- the way I would frame this very quickly, because I think most people have been tracking this, is that -- but for people just watching for the first time -- the council is trying to set up a governance structure that functions as a regional utility immediately. That's what the advisory council is working on. I would strongly disagree with my friend mayor hector's point of view that that's a body that's not working very seriously. I don't believe he's been to those meetings, and I would invite people to come. It's 12 stakeholders from throughout the region working on a nominating process. We're looking for board members right now. The charter of the new utility, the bond covenants, and these i.g.a.'s with -- with the other cities and counties that wish to sign them, need to all work together to provide all the features that you're talking about, mayor grant, and exactly which ones you puts into those documents takes legal work. I think we're honing in on it. The goal has been to talk about this stuff openly. There actually is a little bit of tension in that the cities of Portland's original approach had been basically to give the board the authority. You can't give the board the authority and hold the authority to negotiate with happy valley at the same time. That's the trick we have to figure out. I think it's very solvable, but on the front end it needs a little bit of

June 30, 2005

work, if that makes sense, mayor. So I think we're on our way to that. I expect in the next couple of weeks we'll be able to circulate an i.g.a. And this council will not move forward on anything until we actually had an agreement to purchase, which nobody's implying is in place at this point, and after which there was substantial public process throughout the region to look at the details. And so a lot of the concerns, which I tend to agree with in many cases are concerns that are raised about hypothetically how it might come together before anything would be consummated. This is strictly a mechanical step to authorize the bonds. We would have answers to all those concerns widely circulated throughout the territory. Many issues will have clear resolution, but we won't be able to get there until we get to the next stage of this. I understand why that makes people nervous, because we don't have all the answers. The best answers will come, however, working with the rest of the region. That's exactly what we're trying to do with this advisory council and other meetings that are happening. And of course I think myself and mayor Potter, and others, have been ready to meet with other groups as well that are interested in doing so. So I think we're on our way on those issues. I actually concur with the mayor's description of where we are. And it will get solved through mutual work with happy valley and the other cities that it still needs to keep going.

Adams: Can we make comments now?

Potter: Yes.

Adams: Ok. Well, I think this is one of the most important economic development decisions that I will make in the early part of my term. Local economists have estimated that if we can get the cost of power reduced by 10% it will create 1300 jobs in p.g.e.'s service territory. That's a significant, a significant benefit to the region. Like everyone, i'm interested in the lowest rates, the most stable rates. I'd like to keep the jobs that are in place with p.g.e. Throughout the region in place. And i'm interested in limiting the liabilities to both the ratepayers and to the taxpayers. And for that reason I support competition for the future ownership of p.g.e. This bond ordinance keeps competition for p.g.e.'s future ownership alive without obligation. I understand the views of salem and happy valley and other communities in terms of how Portland is looked upon. I grew up in newport, Oregon. I've lived in eugene, Oregon. And i've lived in salem, Oregon. And that is why I view Portland, and Portland is viewed by most, as the only entity that is capable in the time frame that we've been given, thanks to the enron debacle, that Portland is viewed as the only capable financier for a potential public purchase. I don't want Portland to own p.g.e. One minute longer than it needs to. I am interested in the meantime as having a binding agreement on us and our partners in the regional for regional control while re wait for the ability to turn over formal ownership to the region. And for that reason I will be supporting this.

Potter: Anything else? Sue, call the roll.

Parsons: This will pass to a second reading.

Potter: Ok. This moves to the second reading. It's the last item of the day. We're adjourned until next week.

At 2:48 p.m., Council adjourned.