



CITY OF

**PORTLAND, OREGON**

**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 11TH DAY OF AUGUST, 1993 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Kafoury and Lindberg, 3.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Kathryn Imperati, Senior Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

**REGULAR AGENDA**

**Commissioner Earl Blumenauer**

- 1290** Consider vacating NE 159th, 161st, 163rd and 165th Avenue cul-de-sacs within the Columbia 205 Commercial Park subdivision plat (Hearing; C-9816)

**Discussion:** Cay Kershner, Clerk of the Council, said all parties request that this be continued to the afternoon session.

**Disposition:** Continued to August 11, 1993 at 2:00 p.m.

**Commissioner Charlie Hales**

- 1291** Accept a Conservation Easement affecting property within the Deer Ridge Pointe Subdivision (Second Reading Agenda 1274)

**Disposition:** Ordinance No. 166836. (Y-3)

**Commissioner Gretchen Kafoury**

- 1292** Transmit Bureau of General Services' report discussing issues of renewal of the parking garage operator contracts (Report)

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**Discussion:** Commissioner Kafoury said even though this is an administrative decision, she decided to bring it to Council because of the public interest in the policy issues. She said there are two City goals in conflict here: 1) entrepreneurial, efficient government that maximizes resources and; 2) the desire to expand the pool of contracting opportunities, particularly for minority, small and women-owned businesses. She said after much discussion she decided that the efficiency of operation for the City outweighs the second goal, adding that the City is getting a very good return on its investment.

David Kish, Director, Bureau of General Services, said he believes both goals can be achieved through the action recommended. He said there are two overall issues. The first is management of all the garages as one system as staff believes that one operator is needed to efficiently run this complicated, \$6.5 million a year business which involves roughly two million customers. He cited reasons for preferring a single operator, including efficiencies in the areas of staffing, record keeping, marketing, security and maintenance systems. He said the customers, bondholders and the City all benefit because the garages are making money.

Mr. Kish noted that in the past there were problems when there were different operators for the different garages, as happened in the Auto Port and Portland Building. When City Center took over, the operations became profitable within the first year. Since there is still an outstanding bond obligation on six of the seven garages, it is imperative to maximize revenues to pay off the bonds as quickly as possible. Finally, these garages are a cash intensive business, taking in about \$5.7 million in ticket revenues every year, and it would be difficult to resolve cash discrepancies if there were more than one operator or smaller operators who do not have effective cash management systems.

Mr. Kish said if Council agrees that it makes sense to have one operator, the second issue is how to accomplish this. The current contracts have different termination dates and several years ago the Bureau decided that it needed to come to a point where it could package all the garages as one group. City Center, as the low bidder, currently is the contractor for all seven garages but there is a possibility that the City could end up with more than one operator as contracts for the individual garages come up for bid. He said they do believe competition is good, noting that in the past several years the low bidder has won every single time. He said all the various contracts were bid within the past five years.

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Mr. Kish said the way the contracts were bid was to put together a bid they felt was reasonable and then show the operators what they believed the budget would be so there is no question about what it will cost to run the garages. Operators have the choice of bringing back that same budget or making modifications. He said the City scrutinizes the bids to make sure the bidders have proper insurance coverage, adequate workers compensation, health benefits and career paths for employees. Mr. Kish said the second thing they ask for is a management fee, adding that the current contractor operates on a fee of between ten and fifteen percent, or a total of \$650,000 for all seven garages. He said City Center's management fee is less than \$100,000, which is the residue left after employees, taxes and operating costs have been paid. He said he believes that, compared to private garages, the City is getting quite a deal here. In preparing the last two bids, several potential bidders asked that option clauses for additional years be added as they believe a two or three year contract is not enough time for new or smaller operators to get into the market.

Mr. Kish said City Center has exceeded City objectives beyond expectations, with nine per cent growth in revenues to the City and with revenues growing from \$2.9 million in 1989 to \$5 million in 1992/93. Per spot revenues have also increased without an increase in short term parking rates. In addition, when City Center brings more money into the City it does not get any additional money as their fees are fixed in the contract. Mr. Kish said the three-year option will cut costs both for the City and for the contractor and responds to the recommendation by the Association for Portland Progress to streamline procedures and find ways to cut costs.

Mr. Kish said their recommendation is to extend the contracts to August, 1996 and then bundle them as one contract to be put out for competitive bid. He said there is a choice to extend them to March of 1995, the next time that all could be bundled into one group.

Regarding affirmative action and minority contracting, Mr. Kish said special efforts will be made to search out minority and women contractors janitorial services, elevator repair, security, marketing, etc. He said they currently contract with minority firms for such services as janitorial, signage and sweeping, and with a female-owned firm for marketing. The total of those contracts is \$141,000.

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Commissioner Lindberg asked how the gross revenues are distributed.

Mr. Kish said the largest amount, about \$1.5 million, goes to pay off the bonds. Because of bond restrictions, money cannot be funneled into the General Fund. However, there is a balance in the Autoport fund of \$1 million to enable them to build another garage in coming years.

Commissioner Lindberg asked whether the City looked at the salary level and benefits being paid employees in the previous round of bids.

Mr. Kish said yes.

Mayor Katz asked if the other contractors really prefer bundling all the contracts for an extended period of time or would prefer breaking them up.

Mr. Kish the last time these were bid the other bidders requested an option to make the contracts longer. He said the City did not want to bid for more than three years but did agree to add an option granting a three year extension. He said if you ask the contractors today, however, they would probably favor bidding them now because they would like to get the business. He said General Services' objective is to have one operator as it believes this outweighs the interest in helping support smaller businesses.

Commissioner Kafoury said they discussed bundling the contracts, adding that there are an infinite number of ways they could be broken up. However, in the end they decided packaging was by far the most efficient system.

Commissioner Lindberg asked about the management fees and rate of return.

Mr. Kish said each of the garages has a different fee but overall it totals between 10 and 15 percent. However, that is not profit, it is an overhead fee and is cheaper than what the City pays to Office of Finance and Administration to manage the City.

Commissioner Lindberg asked what the total management fees would be.

Mr. Kish said the total is about \$90,000 all together.

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Commissioner Lindberg asked about the criteria for judging success, particularly in the area of customer service.

Mr. Kish said they do some extensive surveying and have found that customer satisfaction is pretty good.

William Porter, Senior Vice President, Ace Parking, requested that the market place choose and let his company compete for the contract. He said they support the idea of a single contractor but propose another option, which is to bid the seven garages now as a single contract and add the seventh garage when the current contract, which was just bid last year, expires in 1995. He said the primary benefit in going to competitive bidding now is that the City would save money, asserting that in the case of the bidding on the 5th and Davis garage there were significant savings to the City as a result of the competitive process. Mr. Porter described the performance of his company in similar parking garage operations.

Ted Runstein, attorney for Ace Parking, said the Bureau's recommendation is illegal and violates the bond covenants. He said under a February, 1993 IRS ruling regarding bond exemptions, the City cannot enter into a contract for more than three years or, with options, for more than five years. He said the contracts for four of the garages had to be amended because management fees must be at least 50 per cent fixed, not a percentage. He said, if they can be extended to six years, the contracts for the 3rd and Alder and 4th and Yamhill garages are set to expire in August and November 1995. He said the City is subject to State competitive bidding law and that these contracts must be bid unless an exception to public bidding law can be found.

Mayor Katz asked if the State bidding law placed a limit on the length of the contracts.

Mr. Runstein said no, it simply requires that it be competitively bid.

Mayor Katz said they will be competitively bid but at a certain point in time.

Mr. Runstein said between August and November, 1995, there are no contracts to extend. Second, while the 1st and Jefferson and 10th and Yamhill were amended to comply with the tax exemption, it appears that the bond exemption for the 4th and Yamhill garage is in jeopardy because

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it is based on a 100 per cent percentage fee. Also all four of the contracts anticipate that renewals would be done one year at a time, not all at once. This is specifically stated in the Front and Davis contract, while the language in the other three contracts is less clear. He said all the contracts are subject to attack because they were bid on a percentage basis in January, 1991, and then were changed through an addendum to a flat fee. He said while the reason was noble, the legal problem can be done away with if the contracts are rebid. He said while his clients do not intend to bring a legal challenge at this point, they do believe that these legal problems should be corrected and that all seven contracts be bid, with six to start November, 1993 and the seventh (Front and Davis) to start March of 1995 when it runs out. Mr. Runstein predicted there would be at least five bidders.

Mayor Katz asked Jeff Rogers, City Attorney, to review the IRS exemption issue.

Commissioner Kafoury said this is just a report to Council and they are not asking for either approval or denial. Mr. Runstein has raised some longer term questions that may need more time to address.

Mayor Katz said she would like to get to closure because of the expiration of the contract dates.

Barbara Sutherland, President, Metro Auto Park, said she is a small business owner who runs the parking lot at the Multnomah Expo Center and understands why the City wants one operator for all the garages. She said she is very interested in bidding this and was infuriated by the final paragraph in the report which states that the bidding would be concentrated to smaller businesses and women in the areas of security, maintenance and janitorial services. She said she wants to be in the parking business, not the security, maintenance or janitorial business and believes it is unfair to make everyone wait another three years to bid on these contracts.

Virgil Oval, Pacific Development, which operates parking in the Lloyd District, called for bidding the garages separately in order to encourage small and emerging businesses. He said the City needs to lead the way in this area and by lumping all garages into a single contract such businesses are being shut out of the process. He said competition is healthy and predicted that at least five companies would bid on these contracts. He

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also asserted that the Association for Portland Progress has an active marketing program to promote City garages and this would stay in effect regardless of who the parking operator is. He said the revenue control equipment is owned by the City and companies other than City Center are qualified to operate it.

Greg Goodman, General Manager and Vice President, City Center Parking, said City Center pays for two supervisors out of the \$90,000 it receives in management fees. All additional office expenses are also paid out of that so the perception that the \$90,000 is all profit to City Center is totally incorrect.

Commissioner Lindberg said it appears to him that the overall profitability of running this number of garages is very, very small.

Mr. Goodman said that is the case. He said the most important question is how does the City continue to get \$5 million in revenues or \$7.5 million, as is projected for 1994. He said even being off 10 per cent will cost the City \$500,000. He noted that for the Portland Building garage City Center was underbid by \$200 a month and by the time the winning bidder got done with the operation the City had saved \$200 a month in management fees but revenues had gone from in excess of \$10,000 a month to \$7,000 a month. City Center was then awarded the contract and within a month had turned it around. The same thing happened at the O'Bryant Square garage and Memorial Coliseum.

Mayor Katz asked what they did differently than the other operators.

Mr. Goodman said the difference is management, asserting that they have sufficient personnel to make sure the City is getting all the money all the time. He said they have never been outperformed on City contracts and their management fee is inconsequential when compared with the City's investment. Since 1988 revenues have gone from \$3 million to \$5 million or 70 per cent, at a time when the employment base downtown has diminished, not increased. He said they competed with the other companies and won contracts recently for Old Town, METRO and the Oregon Arena Corporation. He said when the Portland Development Corporation (PDC) Block was bid it was done on a guarantee basis, rather than a management fee. Only one company, City Center, bid it. Regarding women and minority hiring, they constitute 56 per cent of the work force in City garages. Four of the seven garages are managed by women or

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minorities. He said whether the garages are bid in a group or individually is up to the City and they will bid on them either way.

Paul McCoy, 2205 N. Lombard, Rose City Parking, said City Center can write the check because they have everything. He questioned the ethics of City Center and said Council should ask for an audit of their operations. He added that he has seen outright extortion and other outrageous acts. He asserted that minorities are always relegated to janitorial work, arguing that this proposal is not good public policy and caters to special interests. He opposed the lumping of bids or extending them three years.

Mr. Kish said bundling the big contracts is in the City's interest. He argued that if the contracts were put out to bid now, as Ace suggested, the City could end up with new operators right at the Christmas season, which would be disastrous.

Mr. Kish said all of the contracts were reviewed by the City Attorney as they were brought to Council and they will consult further about the information cited today. He said the 4th and Yamhill garage is on a percentage, while the others are on a fixed fee, because it was done with PDC tax increment financing, not a revenue bond. He said their intention is to follow the contract and allow for an extension in one-year increments for a three-year period if objectives are met and that is what the contract calls for. There are two contracts that do not end in August, 1993 and one has an option only for two years. Consistent with any policy direction, General Services would bring an amendment to Council to extend that contract one additional year.

Mayor Katz said that brings up the question of whether it is in violation of competitive bidding law.

Mr. Kish said he would have to check on that. He reminded Council that City Center is audited every year by an independent auditor and the audits are public information.

Commissioner Lindberg said if Council supported bundling it might be possible to have a little shorter time frame on the bid.

Mr. Kish said the first time all seven can be bundled will be March of 1995. He said they can bundle six in August of 1994.



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Mayor Katz said there are a number of options, depending on what the Council would like to do.

Mr. Kish noted that the complaint rate was two per month for all the garages.

Jeff Rogers, City Attorney, said more time is needed to look at the legal issues raised today and that Council should not proceed as long as there is an IRS cloud.

Mayor Katz said she is concerned about giving a green light for extensions until the tax consequences are known.

Commissioner Kafoury said the issue today is whether Council is comfortable with the recommendation General Services and her office are making about the contracts.

Commissioner Lindberg said he is convinced that the arguments made for bundling are very good and he supports competitive bidding, but on a periodic basis to eliminate excessive processing costs. He said there are a lot of objective indications that there has been excellent performance and revenue increases which justify some extension. He said the only issue is the timing and whether it should be moved up to 1994.

Mayor Katz said Council members will have time this afternoon to state their preference about the approach.

**Disposition:** Continued to August 11, 1993 at 2:00 p.m.

**Commissioner Mike Lindberg**

- 1293** Recommend 1993 Seasonal Water Supply Plan (Previous Agenda 1233; **rescheduled to August 18, 1993, 9:30 a.m., Time Certain**)

**Disposition:** Continued to August 18, 1993 at 9:30 a.m. Time Certain.

- 1294** Recommend a preferred alternative for the Bull Run Lake Environmental Assessment (Previous Agenda S-1234; **rescheduled to August 18, 1993, at 9:30 a.m., Time Certain**)

**Disposition:** Continued to August 18, 1993 at 9:30 a.m. Time Certain.

At 10:55 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 11TH DAY OF AUGUST, 1993 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Kafoury and Lindberg, 4.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Ruth Spetter, Senior Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

Agenda Nos. 1299, 1300 and 1308 were pulled from Consent. On a Y-4 roll call, the balance of the Consent Agenda was adopted as follows:

**CONSENT AGENDA - NO DISCUSSION**

**1295** Request from Jeffrey Liddicoat, New Clear Vision, for hearing on Federal Reserve banking operations within the City (Communications)

**Disposition:** Referred to Commissioner of Finance and Administration

**1296** Cash investment balances for July 1, 1993 through July 28, 1993 (Report)

**Disposition:** Placed on File.

**1297** Accept bid of 3M Company for retro reflective pavement materials for \$387,299 (Purchasing Report - Bid 197-A Rebid)

**Disposition:** Accepted; prepare contract.

**1298** Accept bid of K F Jacobsen & Company for street and sewer improvements on SW 7th and SW Orchid Street for \$295,494 (Purchasing Report - Bid C-9797)

**Disposition:** Accepted; prepare contract.

**Mayor Vera Katz**

**\*1301** Accept donation of a horse for the Mounted Patrol from a private citizen (Ordinance)

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**Disposition:** Ordinance No. 166837. (Y-4)

- \*1302** Authorize temporary loans from the Sewer System Rate Stabilization Fund to the General Fund in an amount not to exceed \$8,000,000 (Ordinance)

**Disposition:** Ordinance No. 166838. (Y-4)

- \*1303** Authorize temporary loans from the General Fund to the Fire and Police Disability and Retirement Fund in an amount not to exceed \$8,000,000 (Ordinance)

**Disposition:** Ordinance No. 166839. (Y-4)

- \*1304** Establish nine positions and eleven salary rates for the Compensation Plan in accordance with the Personnel Rules adopted by the City Council (Ordinance)

**Disposition:** Ordinance No. 166840. (Y-4)

**Commissioner Earl Blumenauer**

- 1305** Accept the street and storm sewer improvements on NW Belgrave Avenue from NW Aspen Avenue to 935 feet west; approve Change Order Nos. 1, 2 and 3; make final payment and release retainage (Report; C-9785)

**Disposition:** Accepted.

- 1306** Set hearing date, 9:30 a.m., Wednesday, September 8, 1993, to vacate a portion of SW Zion Street (Report; Petition; C-9834)

**Disposition:** Adopted.

- \*1307** Accept a Deed from the Portland Development Commission for property rights acquired for construction and operation of the NE Airport Way Street Improvement Project (Ordinance)

**Disposition:** Ordinance No. 166841. (Y-4)

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**Commissioner Charlie Hales**

- \*1309** Increase professional services contract with James Marshall by \$4,000 and broaden the scope of work (Ordinance; amend Contract No. 27987; waive City Code Chapter 5.68)

**Disposition:** Ordinance No. 166842. (Y-4)

**Commissioner Gretchen Kafoury**

- \*1310** Increase contract for the towers and buildings required for the 800 MHz Radio System by \$50,737 (Ordinance; amend Contract No. 28131)

**Disposition:** Ordinance No. 166843. (Y-4)

- \*1311** Contract with Multnomah County for \$94,640 for the Homeless Youth Shelter and provide for payment (Ordinance)

**Disposition:** Ordinance No. 166844. (Y-4)

- \*1312** Contract with Multnomah County for \$26,520 to provide relocation and moving assistance services and provide for payment (Ordinance)

**Disposition:** Ordinance No. 166845. (Y-4)

- \*1313** Contract with Southeast Uplift Neighborhood Program for \$37,360 to conduct HCD project-related citizen participation activities in southeast Portland neighborhoods and provide for payment (Ordinance)

**Disposition:** Ordinance No. 166846. (Y-4)

- \*1314** Contract with Multnomah County for \$70,664 for emergency basic services and provide for payment (Ordinance)

**Disposition:** Ordinance No. 166847. (Y-4)

**Commissioner Mike Lindberg**

- 1315** Declare the purpose and intention of the City of Portland to construct the NW Doane Avenue and NW St. Helens Road Sanitary Sewer System (Resolution; Sewer; C-9826)

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**Disposition:** Resolution No. 35176. (Y-4)

- \*1316** Authorize the execution of a Blanket Assignment Agreement with the Port of Portland and Union Pacific Railroad Company (Ordinance)

**Disposition:** Ordinance No. 166848. (Y-4)

### City Auditor Barbara Clark

- \*1317** Approve contract for financial audit of FY 1992-93 with Coopers and Lybrand, CPAs, and authorize payment (Ordinance)

**Disposition:** Ordinance No. 166849. (Y-4)

### REGULAR AGENDA

- 1292** Transmit Bureau of General Services' report discussing issues of renewal of the parking garage operator contracts (Report; continued from August 11, 1993 9:30 am)

**Discussion:** Commissioner Kafoury reviewed the issues and said the City Attorney has indicated he needs more time to explore the legal issue.

Mayor Katz said Council will not act until that is resolved. In the meantime, Council members should state their feelings about the direction Council should go.

Commissioner Kafoury said the policy choices are important ones that Council needs to review. She said her recommendation is to extend the contracts for three years, assuming that is legal, and then bid them out as one package.

Mayor Katz said there may not be unanimous agreement about that and Council may want to provide for some rearrangement of the contracts.

Commissioner Blumenauer said he thought the extension request was based on performance and it seemed reasonable to him.

Commissioner Lindberg said he favors bundling but could support a shorter extension. He said he was impressed by the efficiencies

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bundling can provide and the performance report. He said it is important to focus on the maximization of income to the City and good customer service and distinguish that from the overall issues of who runs the private parking lots in Portland.

Mayor Katz said she thinks the garages are well run but would have preferred to bundle up the contracts on a much shorter time line and go out to bid for a 1994 contract. She would like to test the market and see if other operators would bid and if women or minorities respond. She said she is trying to satisfy two conflicting goals to the greatest extent possible. Because of different expiration dates, the City has an opportunity to go out to bid separately.

Commissioner Blumenauer said when these are rebid it would be good to know how much it would cost to spin these contracts off and open them up.

Mayor Katz said the cost of opening up the bids earlier is also a factor.

Commissioner Kafoury said she will supply some of the past bidding history and what the results have been.

**Disposition:** Continued to August 18, 1993 at 9:30 a.m.

**1290** Consider vacating NE 159th, 161st, 163rd and 165th Avenue cul-de-sacs within the Columbia 205 Commercial Park subdivision plat (Hearing; C-9816)

**Discussion:** Katherine Hall, Office of Transportation, said the property owner, American General, has petitioned for the vacation of five cul de sacs. The Office of Transportation recommends approval subject to three conditions: 1) the property owner dedicates property along the eastside of the partition for a north/south roadway; 2) the owner is assured access to the north/south roadway and; 3) the owner is required, under certain circumstances, to participate in the cost of constructing the roadway. The petitioner is contesting the third condition. Ms. Hall said an earlier response by the Office of Transportation to this request stated that the property owner would not be required to participate in the construction of the roadway, which conforms with what is allowed under the permitting process. However, there are other ways of developing

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streets, such as the local improvement district, where everyone is assessed based on benefit.

In negotiating with the property owner about the cul de sacs, Ms. Hall said, a replat was suggested that would reassemble the land in a more developable manner. As part of the access plan, the property owner is promised three points of access, two on Airport Way and one on the north-south roadway. In 1992, Mr. Bachrach, petitioner's attorney, requested exclusion from participating in any future LID to construct that roadway. At the time it was assumed that a bridge would be a part of the roadway but at the present time construction of a much less expensive weir is being discussed. However, until the roadway is designed, no one knows the cost or who will benefit. That will be determined by the City Auditor's office. She noted other correspondence regarding the proposal. In summary, Ms. Hall said the property owner would like assurance that it would not be required to participate in an LID should one be formed to construct a roadway at the east end of the property.

Jeff Bachrach, attorney representing the property owner, said this is an industrial subdivision for 23 lots approved in the 1980s. Since then there have been a number of changes, including addition of an Environmental zone and condemnation of some of the property for a drainage facility. As a result there is a need to reconfigure this project and try to find reasonable solutions to some of the messy problems that have resulted. The big issue was determining the access points since the original cul de sacs no longer worked. Once that was finally worked out, the City told the property owner to go ahead and get approval for the vacation of the cul de sacs. He said they were then somewhat surprised that conditions of approval were attached as they felt they were doing what the City wanted. However, the City now asked for dedication of a roadway to cross the Slough to serve properties on the other side of the Slough, not this property. He said they did not see the connection between the vacation and the guarantee of the roadway. They believe it is unfair and illegal to shoehorn this roadway onto the vacation and want their dedication of the road to the City to be their total contribution - they do not want the City to come back later and make them contribute more. He said that seemed to be a fair arrangement and the Planning Commission approved it. Then Transportation told them they did not have the authority to make such an arrangement as it is not normal City policy.

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Mr. Bachrach said the fair solution is to not dedicate the property today, particularly as no development is proposed at this time and there is no real connection to the vacation of the five cul de sacs. Later, if the City determines that the roadway is to be built through a local improvement district, then it could get the dedication.

Commissioner Kafoury asked why the conditions are not fair.

Mr. Bachrach said the City is asking them to give up property worth about \$50,000 but that condition has no connection with giving up the cul de sacs.

Mayor Katz asked why they agreed to pay for the first section of it.

Mr. Bachrach said because of the leverage the City has in not granting them the vacation.

Commissioner Blumenauer asked how much it would cost to build those cul de sacs.

Mr. Bachrach said he did not know as it was agreed early on that they did not fit. He said there has been a lot of give and take with the City and they thought everything was resolved until this switch in the earlier arrangements. He again requested dropping the dedication until the City decides a road is needed.

Commissioner Blumenauer said he understood this language was originally proposed by Mr. Bachrach's office. Now the proposal is that Council make a decision right now that, regardless of the benefits or costs, the property owner would have no liability at all.

Mr. Bachrach said they thought that what the City was acquiring through the vacation process, the first part of the roadway, was a more than equitable contribution by the property owner. He said they had been told by the Office of Transportation that the road was not intended to serve this property.

Commissioner Blumenauer asked him why he recommended freezing the liability regardless of what the long term consequence would be.

Mr. Bachrach said it was an awkward compromise in the hopes of



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gaining certainty. He said their preference is not to dedicate anything now, arguing that if the City wants this dedication prematurely it should commit to a fair arrangement. The City should not take without giving.

Dan Vizzini, Auditor's Office, said the LID process is generally instituted by petition of a majority of interested property owners affected by the public improvement. The underlying principle is that the cost will be paid by the benefitted property in total. He said it is highly unusual for the City to exclude property beforehand from the potential assessment, especially for one that has not been designed yet. He described how costs are apportioned and said the issue of who benefits can be addressed when the formation of the district is heard. He recommended that Council not make such an arrangement prior to formation of a district.

Commissioner Blumenauer said since the applicant will be given a benefit that is worth at least as much as the road, the Office of Transportation wants to make sure that if development kicks in north of the site there will not be any haggling about this connection. He said this party would at least be as well off as they were before.

Mr. Vizzini said the City would not commence a transportation improvement until it had dedication of all the right-of-way first. Acquiring the right-of-way ahead of time will shorten the time required to construct the road improvement. If done by an LID, the issues that will govern the design and cost of the roadway involve more than just what is happening along Airport Way. They also involve what is happening in the Environmental zone, whether there is a permanent restriction on access to Marine Drive and other factors. He said he is more optimistic than Mr. Bachrach about the ability of the LID process to give affected property owners a fair say about design and apportionment.

Mayor Katz said mixed messages were sent to the client and that has been confusing.

Ms. Hall said they began discussions with the City in 1991 regarding access. In response to a March, 1992 request for exclusion, Mark Bechtel wrote the property owner a letter noting that the actual determination of benefit will be made by the City Auditor's office at the

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time an LID is formed. The mixed message resulted when the staff person signed off on suggested language that became part of the planner's report, which deals primarily with the development of streets under the permit process rather than the LID process. She stressed that under the access management plan adopted by Council in 1991, the third access to this property is provided on the north/south access.

Commissioner Kafoury said the City has to be very careful about exempting people ahead of time from fees that may be imposed at some later date.

**Disposition:** Approved. City Engineer prepare ordinance. (Y-4)

**\*1299** Authorize temporary appointment of Mona Goode at a rate of pay above entry (Ordinance)

**Discussion:** Commissioner Kafoury said there are least three instances where there have been problems with the class compensation plan. She said her concern is bringing new people into the City at above range salary when there is still a problem about what to do with existing employees who have gotten trapped in the class compensation plan.

Kirk Berger, Interim Director, Bureau of Personnel, said in implementing the non-rep class compensation study, a number of people who had the same actual salary under the old system ended up at different salary levels under the new system. This is what happened in General Services, where three individuals in the same salary range ended up with different salaries. He said there is no way to move from the old to the new plan and have total equity without spending an awful lot of money. The issue of how to address new hires above the mid step is for Council to determine and for temporary hires, any step above entry must be approved by Council. He said Personnel is still trying to see if the equity issues can be resolved short of changing some of the implementation rules or expending additional funds.

Commissioner Kafoury said there are ways to do this, adding that Personnel is not sending a good message to existing employees. She said it is offensive to bring brand new people into City employment above the salary range while people who have been here and met their performance goals cannot be paid at an equitable pay rate.

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Mr. Berger said the situation affects more than the three General Services, where the problem was compounded because one of the employees was a promotional reclass. He said there are 68 other people in that situation while the other two individuals in General Services are in a group of 575 employees. He said other bureaus have told him that it is time to move on even though not all are absolutely satisfied.

Mayor Katz asked how many employees in the non-represented class have similar problems.

Mr. Berger said there are 577 people in the same boat as the General Services people. He said if they decided to go back and try some different approaches to implementation, they could be looking at more than that. If all the same positions within a bureau were placed at the same salary range, other inequities may remain or result. He said they are working right now to try to define that.

Mayor Katz asked if there were some glaring inequities that have not been resolved because the Council made a decision that it did not want to put money into this.

Mr. Berger said he was not sure but their review shows there were no errors in how people were treated within the guidelines. However, the end result was that 577 people basically got their cost of living adjustment and received on average a 3.81 per cent adjustment. The 69 people who received a promotional reclassification got an average of an 11.21 per cent increase. Different outcomes also resulted from when anniversary dates fell since some of those getting promotional reclasses also got new anniversary dates of July 1 which speeded their move up the salary schedule.

Mayor Katz asked what they are looking at now to deal with some of these issues.

Mr. Berger said they are trying to crunch the numbers, particularly related to the scope of the General Services issue, to see what the costs might be to address it across the board. If they do that, however, some new inequities may result.

Commissioner Kafoury said she would just like a commitment from Council and a directive to Personnel to keep trying to find a solution.

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She said this is a case of a bureau head who wants to make a decision about his employees. She said she does not buy the bureaucratic mumbo jumbo.

Mr. Berger said if Personnel were to respond to someone with a legitimate issue it would probably awaken other people.

Commissioner Kafoury said it is incredible to give brand new people more money, based on some manager's assessment, while there are managers who cannot do so for current employees. She said it is an issue of how we treat our employees.

Mayor Katz said she has charged Mr. Berger to review and respond to the whole personnel system. She said there are inequities that need further review.

Mr. Berger said they are developing a human resource policy and reviewing the Code to define areas like this which seem to defy logic. Additionally, Personnel is not opposed to trying to resolve the General Services issue but they do have to explore what the effect of any micro changing would be on the whole system.

Mayor Katz said these problems will be reviewed even if resolution may not be possible.

Commissioner Kafoury voted no but after it was noted that this was an emergency ordinance requiring four yes votes, she changed her vote, noting her reluctance to do so.

**Disposition:** Ordinance No. 166850. (Y-4)

**\*1300** Authorize appointment of Shan Topiwalla to the position of Computer Services Manager at a rate of pay above entry (Ordinance)

**Disposition:** Ordinance No. 166851. (Y-4)

**1308** Accept Contract with Dennis' Seven Dees Landscaping, Inc., as substantially complete, authorize final payment and release of retainage upon approval of the Property Manager (Report; Contract No. 27896)

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**Discussion:** The Clerk noted a request from the Parks Bureau to refer this back.

**Disposition:** Referred to Commissioner of Public Safety.

**Commissioner Gretchen Kafoury**

**1318** Liquor license application for Ranvir Corporation, dba India Grill Restaurant, 2924 E. Burnside St., Restaurant liquor license (new outlet); favorable recommendation (Report)

**Discussion:** John Werneken, License Bureau, said both the License and Police Bureaus are aware that there are problems with transients and alcohol in this area. To respond to such concerns, the Bureau and SE Uplift will work with merchants in this area to implement some of the measures used on the West side to eliminate the ready availability of beverages of choice to transients and street drinkers. He noted, however, that these types of problems are rarely associated with a restaurant liquor license such as this one. Second, the applicant successfully operated an Indian cuisine restaurant in another jurisdiction for a number of years. Finally, this location has been licensed for many years to serve food and alcohol without any record of problems. He said they believe this applicant represents the kind of business that should be encouraged in this area.

Office Larry Siewert, Police Bureau, said he found some litter, most of which came from a nearby subway shop and two package stores. He said there is a possible problem with street drinkers but he cannot document that. There is no excessive crime in the area.

Steven Guerra, renovator and owner of property at 2900 E. Burnside, said at some point the City or OLCC has to recognize this is an alcohol-saturated neighborhood, adding that this is the third license on a block which is mostly residential. He said there is direct correlation with the amount the City earns because property values increase when alcohol problems are eliminated.

Mayor Katz reminded him that the City is restricted in the criteria it can apply to these licenses.

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Mr. Guerra said someone, someday has to say no to alcohol and Council should not keep rubber stamping these.

Mayor Katz said there are plans to start placing some restrictions in heavily-impacted areas. She said Council members are very concerned about the proliferation of liquor license in a small geographic area where people live.

**Disposition:** Favorably recommended. (Y-4)

**\*1319** Amend regulations relating to special events, parades and processions (Ordinance; amend City Code Chapter 16.60)

Dennis Nelson, Manager, Bureau of Licenses, said this transfers the responsibility for special events from the Mayor to the Bureau of Licenses. He said the ordinance does include a few cleanup measures but is basically a "move it over" ordinance.

Commissioner Kafoury said this ordinance includes no fiscal impact but she does believe there is some and may return later with a budget request to cover it.

Mr. Nelson said they are monitoring the activities and will return later with policy options.

Mayor Katz said they will need to determine how much staff effort is required, especially when an immediate response is needed.

**Disposition:** Ordinance No. 166852. (Y-4)

At 3:20 p.m., Council adjourned.

BARBARA CLARK  
Auditor of the City of Portland

*Cay Kershner*  
By Cay Kershner  
Clerk of the Council

**AUGUST 12, 1993**

**AUGUST 12, 1993**

**DUE TO THE LACK OF AN AGENDA  
THE PORTLAND CITY COUNCIL  
DID NOT MEET**