



CITY OF

PORTLAND, OREGON

OFFICIAL
MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 22ND DAY OF JUNE, 1994 AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Harry Auerbach, Senior Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

Agenda items 1008, 1010, 1015 and 1019 were pulled from Consent. On a Y-4 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 1003** Accept bid of Henkels & McCoy, Inc. for Phase X conversion lighting for \$61,915 (Purchasing Report - Bid 168)

Disposition: Accepted; prepare contract.

- 1004** Accept bid of Hydro-Temp Mechanical, Inc. for heating system replacement at Mt. Tabor Yard and Woodstock Community Center for \$74,400 (Purchasing Report - Bid 188)

Disposition: Accepted; prepare contract.

- 1005** Accept bid of Casper & Magera, Inc. for SW 25th Avenue and SW Lancaster Road sanitary sewer for \$214,089 (Purchasing Report - Bid 189)

Disposition: Accepted; prepare contract.

- 1006** Accept bid of Wentworth Chevrolet Co. for one year closed end leases on approximately 25 used passenger vehicles for \$113,088 (Purchasing Report - Bid 193-A)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

- 1007** Confirm appointment of Jim Kuhn, Dale Fox, Jim Staley, Suzanne Taylor and Dahram Yadav to the Business License Board of Appeal (Report)

Disposition: Confirmed.

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- *1009** Pay claim of Heidi Hoyt (Ordinance)

Disposition: Ordinance No. 167805. (Y-4)

Commissioner Earl Blumenauer

- *1011** Call for bids for 1994/95 Fiscal Year annual supply contracts for City bureaus and departments, authorize contracts and provide for payment (Ordinance)

Disposition: Ordinance No. 167806. (Y-4)

- *1012** Authorize execution of Lease Agreement with Apple Produce, Inc. for a certain area of SE Grand Avenue under the Pacific Highway structure for vehicle parking use (Ordinance)

Disposition: Ordinance No. 167807. (Y-4)

Commissioner Charlie Hales

- *1013** Amend Interagency Agreement #10799-94 between the Department of Human Resources - Senior and Disabled Services Division and the Portland/Multnomah Commission on Aging to increase the amount of the grant (Ordinance)

Disposition: Ordinance No. 167808. (Y-4)

Commissioner Gretchen Kafoury

- *1014** Modify Agreement with SERA Architects to provide additional services for design of the City Hall renovation (Ordinance)

Disposition: Ordinance No. 167809. (Y-4)

- *1016** Amend contract with Multnomah County by increasing the amount of compensation by \$26,460 (Ordinance; amend Contract No. 28901)

Disposition: Ordinance No. 167810. (Y-4)

Commissioner Mike Lindberg

- 1017** Accept completion of the Columbia Boulevard Wastewater Treatment Plant scum and sludge conveyance improvements project and authorize final payment to Harder Mechanical Contractors, Inc. (Report; Contract No. 27971)

Disposition: Accepted.

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- 1018** Accept completion of the Columbia Boulevard Wastewater Treatment Plant primary clarifier renovation, certifying that all payments have been made to the Wildish Building Company (Report; Contract No. 28813)
- Disposition:** Accepted.
- *1020** Approve Change Order No. 15 for the Columbia Boulevard Wastewater Treatment Plant aeration tank modifications project (Ordinance; Contract No. 28068)
- Disposition:** Ordinance No. 167811. (Y-4)
- *1021** Approve Change Orders 16, 17, 18, and 19 for the Columbia Boulevard Wastewater Treatment Plant aeration tank modifications project (Ordinance; Contract No. 28068)
- Disposition:** Ordinance No. 167812. (Y-4)
- *1022** Appropriate \$660,000 in funding for fiscal year 94/95 for the contract with O'Brien-Kreitzberg & Associates, Inc. (Ordinance; Contract No. 28187)
- Disposition:** Ordinance No. 167813. (Y-4)
- 1023** Authorize an Intergovernmental Agreement with Portland State University for \$214,543 for professional services in setting up and evaluating recycling systems in multi-family residences (Ordinance)
- Disposition:** Passed to Second Reading June 29, 1994 at 9:30 a.m.
- *1024** Authorize the City Attorney to continue negotiations for the purchase of a parcel of land required for treatment of stormwater drainage in connection with the SE Johnson Creek Boulevard street improvement project, begin condemnation proceedings, if necessary, and obtain early possession (Ordinance)
- Disposition:** Ordinance No. 167815. (Y-4)
- *1025** Authorize the purchase of a parcel of land needed for the Columbia Slough stormwater management project, subject to certain conditions (Ordinance)
- Disposition:** Ordinance No. 167816. (Y-4)

City Auditor Barbara Clark

- 1026** Third Quarter, Fiscal Year 93/94, Minority/Women Business Enterprise participation in City contracts (Report)

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Disposition: Placed on File.

REGULAR AGENDA

- 1008** Enter into an Intergovernmental Agreement with the County of Multnomah to nominate a specific area and submit application to the US Department of Housing and Urban Development for designation under the Federal Empowerment Program (Resolution)

Discussion: Sandy Willow, 2939 NW Savier St., Operations Manager of Friends of Seasonal and Service Workers, spoke in opposition, saying Empowerment Zones are glorified Enterprise Zones. Employer tax credits would benefit the larger corporations and put a cap on low-income wages in the Zone. She said the Portland Development Commission's presentation for the Oregon Steel Mill tax abatement listed only jobs gained in the zone, not the jobs lost. Studies of several cities' experience with these zones indicate they do not affect business' decision to relocate and do not attract jobs that pay living wages. She said that Bank of America reported that such problems as crime, inferior schools, unskilled labor with low tech skills kept business from moving to an area. Ms. Willow said the head of the American Association of Enterprise Zones noted that most of the businesses were branches, often franchise operations, which generally meant underpaid service jobs and that the money saved by tax incentives goes out of the community.

Mayor Katz said she wanted people to know this was not an Enterprise Zone, but an Empowerment Zone and asked that speakers address the application which is for housing, social services and employment.

Barbara Sarantitis, 3016 NE 13th, added that the basic method to bring money into the community in Empowerment Zones is through tax breaks for businesses, the same method used in Enterprise Zones, but with larger amounts of money involved. She said the Enterprise Zone director for California conceded that they have not worked and, when asked if he could name one successful Enterprise Zone anywhere that brought workers jobs at a living wage and strengthened the tax base, he said there were no right indicators yet to substantiate their success, despite a 20-year history. Ms. Sarantitis said large businesses in these zones get large subsidies at taxpayer expense and dump more of the tax burden on small businesses.

Paul Richmond, PO Box 454, 97207, called attention to an article in the February issue of Atlantic Monthly which said that due to ecological collapse we are facing economic collapse and this ties in with legislation he has seen come through this Council. Mr.

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Richmond said Empowerment Zones give money and power to large businesses at the expense of small ones and destroy civil rights.

Carol-Linda Casson, Portland Development Commission Project Manager of the Joint Application-City/Multnomah County-Empowerment Zone designation, said this brings social services block-grant monies and special endowment of approximately \$100 million over a ten year period. The smaller designation areas, called Enterprise Communities, also bring an endowment of social services block-grant monies of approximately \$3 million over the same time. What was extremely important about the President's approach to this particular program was the attempt to address the human development issues in the context of an integrated set of services, including traditional economic and physical development elements which are integral parts of revitalizing inner city cores. The criteria set forth, distress and poverty thresholds that qualify whole census tracts of urban areas, enabled them to identify areas that included downtown along with the inner North/Northeast Martin Luther King corridor, as well as the Columbia corridor.

Ms. Casson said through the Albina Community Plan efforts a four-year, comprehensive plan study has coupled the former two community plans together and enabled them to put an incredibly complex document together in time to file for this designation by June 30th. The old Albina Community Plan Technical Advisory Committee, which includes all of the Bureaus and other governments, was called upon for feedback. This was a community-based initiative led largely by the North/Northeast Economic Development Alliance as a way to bring more focused resources to their area. On a census tract map, Ms. Casson showed the areas qualified by poverty criteria stipulated in the grant application, following the federal requirements for contiguity. They were able to identify that this program was, in fact, an employment program and an effort to tie employment opportunities to the specific residents of the areas that qualify. They began looking beyond the North/Northeast to jobs in the industrial corridor. Columbia Villa was looked at as another group that was underserved and not participating in the region's economy. The differentiation of jobs in the commercial core where growth was most likely to happen and the growth of retail jobs in the Convention Center area was talked about. Therefore, four census tracts in the downtown core have been taken in, as well as the Convention Center, urban renewal and Lloyd properties area, a healthy line along the MLK corridor, the Columbia corridor/Rivergate complex and the Columbia Villa census tract.

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Commissioner Hales commented that the idea of designating census tracts and tying federal grant funds to that is not new and asked what is new about this empowerment vehicle.

Ms. Casson answered that the best benefit it brings to our community is a designation on a roster of 104 nation-wide designees with preferred status for future federal funding. She said the only new money the government has approved is in the social services block-grant which, in the State of Oregon, remains with the State as a funding source for the Children's Services Division. As a nominee in this case, the City seeks to pass through that allocation directly to the area as an initiatives fund for community-based organizations. This particular program fosters and rewards by designation those areas that come with benchmarks and well-measured milestones of success, as well as community-based partnerships. This is an effort to channel funds from the federal government to those communities that have planned well and are working closely with the constituents who are most affected.

Commissioner Hales asked whether, except for a change in social services fundings, there was any difference to a property owner or district business.

Ms. Casson said extended depth was offered for certain federal tax credits to hire appropriate residents of the area under the Empowerment Zone only. Also, public bonding has increased from the \$1 million threshold now, available to everyone, to \$3 million within the Empowerment Zone, per project, not to exceed \$20 million in that space of time. Some additional IRS tax incentives allow businesses within the Empowerment, or Enterprise, Zone to carry credits forward a little longer than normal on depreciation, if they hire area residents. This is nothing new, just a deeper offering in the spirit of revitalizing the area, but it is tied specifically to how businesses perform with the area's individuals as hirees.

Mayor Katz added that this was similar to the concept that Commissioner Kafoury brought in from Housing and Community Development in terms of targeted segments of the City. The President's Cabinet members are working hard to see how they can integrate their own agencies in programs and have also included the notion of benchmarks. One advantage to being designated an Empowerment Zone is the benchmarking--the intergovernmental agreements between several jurisdictions that focus on results. Another advantage is the Central City and Albina Community Plans. The planning has been done and the

community has signed off on it, which gives the foundation to spend the resources that may be coming to the City.

Ms. Casson noted the envelopes they have gone outside of--not just the geography of separate entities, but PDC has been introduced to a compendium of social services going on in their real estate development areas. This has been a real stretch for everyone and a real consortium.

Commissioner Kafoury said because of her public opposition lately to Enterprise Zones as a technique she looked forward to the Council discussing what some of the effective tools are and whether they work. She believes, with many of the grant applications, the biggest benefit comes from people in the community sitting down and working with each other. The value of this exercise is to bring people together and she is happy to get a few more federal dollars into the community without, for instance, having a defense industry, as the social service system is in desperate need of resources.

Disposition: Resolution No. 35287. (Y-4)

- 1010** Report from the Office of Transportation on request from SE Flavel Street property owners required to do sidewalk repairs (Previous Agenda 140)

Discussion: Harry Thompson, 6917 SE 34th Avenue, said he has owned properties in Portland for over 45 years, maintained them and taken pride in his ownership. He has never been sued or threatened with suit because of the condition of his sidewalks. He noted the times his home and business were burglarized. He said he could not get police protection, but could get at least four different sidewalk inspectors. Mr. Thompson disagreed with the part of a report from Dick Smith, Sidewalk Manager, which said that the City Charter established basic guidelines for sidewalks and curbs. He read in the Charter where the City Council will determine construction and materials to be used for curbs and walks. In Title 17, there is no mention of concrete.

Commissioner Blumenauer said Mr. Thompson has been assessed for sidewalk improvements and staff has offered to meet with him. He asked him what his point was.

Mr. Thompson said he saw yards of concrete which could and should be repaired being moved from the neighborhood. He called an inspector to come out and talk to him about how repairs were going to be made and, instead, he was told to remove the concrete.

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Walter Kolbe said he thought the depth requirements should be revised. He also noted that the school district does not have sidewalks.

Julianne Lansing said the trees between curbs and sidewalks are not being taken care of. She said the City should take care of its own sidewalks, the potholes and the sewers.

Commissioner Blumenauer said four items were raised: 1) less expensive sidewalk repair options; 2) people are not getting appropriate information; 3) in some areas no sidewalks are constructed at all; and 4) there are different standards.

Dick Smith, City Sidewalk Manager, said that Mr. Thompson was correct in saying that some hazards can be ground down. This was an alternative that he was going to suggest when they met; however, they never had the meeting. Repair alternatives which are less costly can be made and he was going to identify them for Mr. Thompson.

Commissioner Blumenauer asked if people could avail themselves of this.

Mr. Smith said yes and that they have had successful communication about sidewalk repair with other neighbors on SE Flavel, resulting in much cheaper repairs than the City estimates. Regarding City properties, the City has a substantial investment in concrete, infrastructure, etc. and the normal inspection cycle is 10-12 years. As money is available the repairs are made by set priorities.

Commissioner Hales asked about the one-half/one-quarter inch standard.

Mr. Smith said it was one-half inch in residential areas and one-quarter inch in the downtown core. With more pedestrian traffic downtown, the one-quarter inch would have fewer injuries. With new American Disabilities Act guidelines, they may have to accept one-quarter inch in residential areas in the future.

Commissioner Blumenauer suggested that it would be a good idea for Mr. Smith and Mr. Thompson to meet in some nearby room now to transfer that information.

Mayor Katz noted that she had just repaired her sidewalk more cheaply than the City's estimate and that there are alternatives.

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In response to Mr. Thompson's further questions about liens, Mayor Katz suggested he meet with Mr. Smith and Dan Vizzini, Auditor's Office, to discuss this further.

Disposition: Accepted.

- *1015** Contract with Black United Front and Albina Headstart, Inc. for \$12,000 to develop and install 10 anti-violence billboards in inner North/Northeast neighborhoods and provide for payment (Ordinance)

Discussion: Paul Richmond, PO Box 454, 97207, said a lot of lip service has been given to programs at the expense of actually doing something. He noted that community policing has only created a public perception. He wanted the money spent on training several police to deal with gang violence and on education and the causes for the violence.

Commissioner Kafoury said this project was one of a long series of community initiative grants set aside from the general fund and block-grants to allow communities to decide for themselves what kinds of programs would be helpful to them. The Black United Front applied for this grant which they believe will help instill messages both of pride in the neighborhood and self confidence in the young people.

Mayor Katz said she attended the meetings where this idea came from--a work group led by a nurse who comes to the meetings every week and is concerned about the violence in the community. She said they hoped to tie the billboards in with powerful videos on violence to be shown on local television.

Disposition: Ordinance No. 167817. (Y-4)

- *1019** Appropriate \$4,500,000 in funding for fiscal year 94/95 for the contract with Construction Management, Inc. (Ordinance; Contract No. 27226)

Discussion: Paul Richmond, PO Box 454, 97207, said he thought there ought to be a more real accounting to the people as to where this money is going.

Disposition: Ordinance No. 167818. (Y-4)

- *1002** **TIME CERTAIN: 9:30 AM** - To establish the Employee/Team Suggestion and Recognition Program known as BRIGHT IDEAS (Ordinance introduced by Mayor Katz)

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Discussion: Steve Bauer, Director of the Office of Finance and Administration, said this program was designed to tap the knowledge, creativity and innovation of City employees in trying to find ways to do business better, provide better customer service to our citizens and save the City money. This is a companion piece to what was created in last year's budget, the innovations loan fund, which allowed bureaus and managers to borrow seed money to start projects that would save the City money and which would be repaid over two or three years. At that point, Council wanted to find a comparable opportunity for City employees to suggest improvements. There have been attempts over the years to implement such a program, which probably were not successful as they were done from a management/staff perspective. This time, the Labor and Management Benefits Committee was asked to help develop, sponsor and support this effort. It was also discussed with bargaining teams representing all the unions and management in terms of how it might work, particularly in terms of productivity. They discussed how to provide recognition to employees who are doing the work they are paid and assigned to do, but yet go well beyond the requirements to bring savings and efficiency to the City.

Ruth Cusack, Risk Management Benefits Manager, said the Labor and Management Benefits Committee selected a subcommittee which prepared the initial draft. Marketing this program will be a key component of its success, Ms. Cusack said. The program's intent is to allow employees the opportunity and mechanism to offer suggestions to improve public and employee safety and customer service, improve morale and achieve efficiencies in operations and service. It would provide cash incentives and formal recognition for successful suggestions.

Mary Washburne, Risk Management Benefits, said suggestions will be referred to a seven member evaluation committee, referred to the pertinent bureaus for further evaluation and costing, and the bureaus will make final recommendation to the committee within 60 days. The committee will determine the award, cash or otherwise. Cash awards will range from \$50 to \$2,500, determined by the first year's savings. These programs are not new to Portland. For example, Tri-Met saved \$252,000 in one year and the State of Oregon has had a program since 1980 and has saved over \$11 million.

Leo Painton, Secretary-Treasurer, Portland Police Association, and Labor/Management Benefits Committee member, noted that the best suggestions for service improvements often come from people actively working on a daily basis.

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Glen Feuerborn, Business Manager, Local 483, and Secretary-Treasurer of the District Council of Trade Unions, said this had the full support of the District Council of Trade Unions. He said we must constantly think about change, being competitive, quality and about improving work productivity in order to maintain family-wage jobs and give taxpayers the best product for their money.

Commissioner Blumenauer said that during his tenure with the City he has been overwhelmed by the range and number of employees who are truly all-stars. He noted that it was not an easy time to be a public servant. He has known employees who have saved the City literally tens of thousands of dollars. This will formalize the recognition, improve employee morale and give everyone a better appreciation of what happens in the City, outside of the areas they are most involved in. It will give the taxpayers tangible evidence about the dedication of the men and women who work for them.

Commissioner Hales said, despite the calls to run government more like a business, the signals that a healthy, private business sends to its employees cannot be replicated in the public sector, but in this case that balance has been found. He sees that the taxpayers will reap some tangible savings and the employee will get real recognition through a tangible award. He thinks it is a sound program and looks forward to putting it in action.

Mayor Katz said part of trying to be more efficient, productive and to save money was to provide for suggestions and, many times, the people on the front lines have the best ideas. Also, the Council is thinking through a program to ask citizens for ideas on how the City can do its jobs better. She is pleased the labor movement is supportive of this and thinks it will encourage the workforce to come up with ideas managers never thought of.

Disposition: Ordinance No. 167819. (Y-4)

SUSPENSION OF RULES

1026-1 Adopt the annual budget of the City and establish appropriations for the fiscal year beginning July 1, 1994 (Previous Agenda 989)

Discussion: Tim Grewe, Bureau of Financial Planning, said the final balancing in the automated system caught a couple of simple inaccuracies, such as adding rather than subtracting. These are technical adjustments only, with no program changes to anything previously directed by Council, but they needed to be amended

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today in order to come to a second reading next week.

There was a motion to suspend the rules and bring the budget to a second reading and, hearing no objections, Mayor Katz so ordered.

Mr. Grewe asked for a motion to amend the budget ordinance to correct the technical, internal balancing errors in Exhibit A.

There was a motion to amend by substituting Exhibit A and, hearing no objections, Mayor Katz so ordered.

There was a motion to pass the amended ordinance to second reading and, hearing no objections, Mayor Katz so ordered.

Disposition: Passed to second reading as amended June 29, 1994 at 9:30 a.m.

Mayor Vera Katz

- *1027** Establish pay schedules for nonrepresented classifications, set salary rates for Elected Officials and specify the effect upon employees in the classifications involved effective July 1, 1994 and provide for payment (Ordinance)

Discussion: Laird Cusack, Classification and Compensation Manager, said this ordinance increases pay for all non-represented employees by 3.6 percent. The cost of living for the Portland metropolitan area is measured by a CPI of 3.6 percent.

Roger Doherty, 15724 NE Schuyler, wanted the Mayor and Commissioners to consider a 1.8 or 2 percent raise for themselves in order to lead by example. Taking or doing with less would set a good example.

Nancy (no last name given), a Portland resident, said she does not feel that the Council works for people in Multnomah County. She objected to cars and guns being taken away and said the raises could be better used elsewhere. She said that if the raise came to a vote of the people, it would lose. The cost of living has increased for everyone, she noted.

Commissioner Hales said there were two ways to describe this, one being sensational but inaccurate, increasing salaries for elected officials. And the other, boring but factual, applying the same cost of living adjustment to the whole workforce.

Disposition: Ordinance No. 167820. (Y-4)

- *1028** Authorize the Mayor and the Auditor to execute a modification to the current Labor Agreement between the City and the District Council of Trade Unions (Ordinance)

Discussion: There was a motion to amend the letter of agreement. It was seconded and passed.

Gail Johnson, Personnel Employee Relations Manager, said the union overwhelmingly ratified the amendment last night.

Rebecca Gunther, Personnel Employee Relations, said this agreement represented approximately 1,800 employees and included a wage and benefits component for one year similar to the other bargaining units. In addition to the wage and benefits reopener, a joint committee met to recommend allocation of 1.3 percent of DCTU payroll which resulted from lower cost of living adjustments given to employees in this bargaining unit over the past two years. This 1.3 percent was used to pay for an increase in shift differentials, adjustments to base wages for 24 clerical and parking patrol deputy classifications and to establish a premium for very limited kinds of hazardous work. In turn, the City was able to eliminate the word processing premium, scooter premium and two letters of understanding which create greater productivity and efficiency in City operations. The City and DCTU have used a collaborative bargaining process since 1992. The resulting agreements have overall support of managers and the union.

Julianne Lansing, no address stated, said the raises were because the domestic partners health benefits were accepted.

Disposition: Ordinance No. 167821 as amended. (Y-4)

- *1029** Amend City Code to increase the shift differential for nonrepresented employees (Ordinance; amend Chapter 4.08)

Laird Cusack said that as of July 1, 1994, the DCTU contract provided for higher shift differential for swing and graveyard shifts. Bureaus that have employees who supervise DCTU employees wish to have parity between the supervisors and the DCTU employees they supervise and requested the increase. Essentially, vertical parity is being established with the employees who are being supervised.

Disposition: Ordinance No. 167822. (Y-4)

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Commissioner Earl Blumenauer

- *1030** Authorize the Purchasing Agent to sign a purchase order as a contract with PRC, Public Sector, Inc. for computer hardware and software for the Bureau of Emergency Communications (Ordinance)

Disposition: Ordinance No. 167823. (Y-4)

- *1031** Authorize agreement with DKS Associates, Inc. to provide transportation study services to the Bureau of Traffic Management (Ordinance)

Disposition: Ordinance No. 167824. (Y-4)

- S-*1032** Amend provisions of Code regarding surplus and unclaimed property (Ordinance; amend Chapter 5.36)

Disposition: Substitute Ordinance No. 167825. (Y-4)

- *1033** Authorize execution of an intergovernmental agreement with the State of Oregon for surplus property (Ordinance)

Disposition: Ordinance No. 167826. (Y-4)

City Auditor Barbara Clark

- 1034** Assess property for sewer system development charges through May, 1994 (Hearing; Ordinance; Z0575 through Z0577)

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

- 1035** Assess property for large lot deferral contracts through May, 1994 (Hearing; Ordinance; L0046)

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

- 1036** Assess property for sidewalk maintenance for period through May, 1994 (Ordinance; Y1000)

Disposition: Passed to second reading June 29, 1994 at 9:30 a.m.

- 1037** Assess property for sidewalk maintenance for period of October, 1993 through April, 1994 (Second Reading Agenda 1000; Y0511)

Disposition: Ordinance No. 167827. (Y-4)

At 11:25 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 22ND DAY OF JUNE, 1994 AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ben Walters, Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

1038 **TIME CERTAIN: 2:00 PM** - Presentation of the Span of Control Study (Report introduced by Auditor Clark)

Mayor Katz said, in looking at the structure of the City organizations, we need to see if we can make some internal improvements, flatten management and examine what is called Span of Control or management to non-management representation. These are different, but closely related.

Dick Tracy, Director of Audits, said that after approval of the budget note and funding for this study, the Auditor's Office worked with the Office of Finance and Administration and the County Auditor to develop a scope of work, an RFP and selected a contractor to do the work.

Jay Smith, Public Knowledge, Inc., said the objective of the study was to see if there are opportunities to broaden spans of control or reduce layers of management. They did some City-wide analyses, but primarily focused on a sample of 24 functional groups, covering seven bureaus and representing about 42 percent of City personnel. The primary quantitative measures looked at were: ratio of non-managers to managers; span of control (some managers manage other managers) and the number of layers of management. In general, the larger bureaus have somewhat broader spans and smaller bureaus have narrower spans. The City has narrower spans and more layers of management than the literature recommends with experts advocating spans as broad as 10, 15 or 25 subordinates with five or fewer layers. In general, the City compares favorably to other public sector organizations in terms of spans and layers, but does not compare as well to private companies. The City can achieve substantial benefits by reducing layers and broadening spans, and there are cost-reduction and management-effectiveness opportunities. There are also opportunities to improve communication and increase employee

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involvement to support management effectiveness. If Council buys into this, it should signal top management support for it.

Commissioner Kafoury asked what help the Office of Finance and Administration would get, as it was recommended that they lead the charge.

Mr. Smith answered that, because of its cross-bureau responsibilities, OFA seemed the appropriate place to spearhead the development of guidelines. His group recommends a cross-bureau team, with broad participation, to actually develop the guidelines.

Commissioner Kafoury mentioned that Margaret Mahoney, Director of Bureau of Buildings, has been doing a good job with this for a number of years. The Commissioner expressed concern about the requirements being put on management, such as participation in Total Quality Management (TQM), Performance Evaluations and Development Review Team, where they will be in meetings at all times. She said that a lot of the principles in this were the same as TQM.

Mr. Smith said there is compatibility between TQM and employee involvement initiatives although they are not necessarily the same.

Mayor Katz asked Mr. Smith to articulate the recommendations so Council could talk about how to get there. She noted that he had talked about smaller bureaus and asked if that was a natural outcome.

Mr. Smith answered that the literature does not suggest that there is necessarily a correlation between the size of the bureau and the spans of control. The particular functions of a bureau might call for narrower spans if it is regulatory in nature and regulates private companies, for example. It also could be chance.

Cynthia Kempf, Public Knowledge, Inc., added that the most elaborative, empirical study they found showed a correlation between small size and layers of management; there was no correlation to spans of control.

Mr. Smith highlighted some of their recommendations. To begin, the Council needs to initiate this process as it is important that there be a symbol of top management support for the concept of de-layering/broadening spans. Council should set some broad organizational structure goals. There is a definite relationship between employee involvement and/or self-directed teams and the

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ability to broaden spans. The two are symbiotic. There also should be cross-bureau involvement in establishing guidelines and setting the process direction. The concept of teams applies to this, as well. Someone needs to lead and facilitate the process and there should be guidelines that are quantitative in nature and consistent with the articulated goals. The guidelines should recognize that there can be situational differences that would cause organizational structure to differ. Again, there is no one, right number. In conjunction with the budget process, which is basically a biennial one, the structure of each bureau should be reviewed against the guidelines. A key issue to take into account upon implementation is how compensation will be handled if any managers are transferred.

While the process needs to be driven from the top in vision and commitment, Mr. Smith said the details ought to be developed within the bureaus, putting the initiative back with them to respond to the guidelines and make their own proposals. The bureaus should also take the initiative to determine what kind of training is appropriate to support this exercise. They could present those plans during the budget review and there ought to be a timeline. The Auditor could apply the guidelines as standards when the organizational structure is within the scope of an audit, as it sometimes is.

Mayor Katz said that within the collective bargaining agreement there are productivity management/labor teams and asked if it were an appropriate charge to those teams to review this internally within each bureau. That would save the managers' involvement and time.

Mr. Smith responded that it makes sense to use something already in place, rather than creating something new.

Mayor Katz said the Bureau of Environmental Services has done that, in a collaborative way between a manager and his team.

Mr. Smith said they found a number of models already in place where there had been effective layering, employee involvement, and broadening of spans within the City.

Commissioner Hales said that the Fire Bureau is looking both to do some flattening of the organizational chart and broadening of the span. He asked Mr. Smith what he saw in terms of the managers' responsibilities.

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Mr. Smith said managers are doing things they traditionally did not do. There is a trend for them to become more like project managers and coaches as opposed to supervisors. There are some places where it is appropriate to have people who wear two hats, both a worker and a manager; in essence, lead workers. In general, he said they did not find many lead workers in the City.

Mayor Katz asked Auditor Clark to address working through productivity teams and the bureaus where zero-based budgets are done even before 1996.

Barbara Clark, City Auditor, said using the productivity teams was a fine idea. In regard to the inter-bureau umbrella, she noted that this was very bureau-specific, so it may not be a big necessity to link the bureaus together.

Mr. Smith said he agreed that, ultimately, the right answer for any particular bureau will be very specific, but that the broad guidelines could be set cross-bureau.

Auditor Clark said her impression was that Council is willing to act, but the kind of action by Council has not been clearly specified.

Mayor Katz asked Council if it wished to formalize this a bit more at a Council informal or give Auditor Clark direction to submit a resolution using the guidelines.

Commissioner Kafoury said she did not get a sense that the managers themselves had had an opportunity to respond.

Auditor Clark said they had not been asked for responses as is usual, but all those studied had seen the report some time ago.

Commissioner Kafoury thought the first step would be to ask for managers' responses. Her concern is to not put another structure on top of the systems as already a lot of changes are going on.

Auditor Clark suggested that she go to the elected officials and the managers with the draft guidelines to see if they could be ratified as is or if there is a consensus for change.

Mayor Katz thought this might bring some savings for the City and better practices in terms of empowering the work force to work as a team rather than looking to the next level.

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Commissioner Hales wanted time for reaction from managers. For instance, the Fire Bureau has already been given a budget note to deal with the layers of management and Chief Wall is developing a proposal to flatten the organization.

Auditor Clark noted it was important to have Council unity for a City-wide effort so that no one would feel picked on. She thought the way they were going about it would accomplish that. Auditor Clark suggested that each Councilperson meet with their managers and then she could meet with each of them for their input.

Mayor Katz said they would and then share that information as well as their own input in separate meetings with Auditor Clark.

Disposition: Accepted.

REGULAR AGENDA

Commissioner Charlie Hales

***1039** Designate four Heritage Trees in the City of Portland (Ordinance)

Discussion: Jane Glazer, 2378 SW Madison Street, member of the Urban Forestry Commission, noted that three of the four designated trees are in the Sellwood neighborhood and that the two Garryana Oaks above Oaks Bottom once lined an old race track, the City View. She showed slides and gave the background of each designated tree, as well as those previously designated, including those that are historical landmarks.

Disposition: Ordinance No. 167828. (Y-4)

1040 Tentatively deny appeal of Mr. and Mrs. Ted Lamm against Hearing Officer's decision and approve application of Babler Brothers (aka Pacific International Pipe Enterprises) to amend previous conditional uses and zone changes for property located at 8100 NE Grand Avenue (Previous Agenda 889; Findings; 93-00833 CU ZC)

Discussion: Al Burns, Planning Bureau staff, said the findings were unchanged from the Hearings Officer's recommendation, which Council upheld, except for a revision of the planting date from May to October.

Commissioner Hales moved adoption of findings.

Disposition: Findings adopted. (Y-4)

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1041 Tentatively deny appeal of Corbett/Terwilliger/Lair Hill Neighborhood Association and Jeff Champion against Landmarks Commission's decision and approve application of Andre Cozzetto, et al, for a demolition and design review at 3403 SW First Avenue (Previous Agenda 940; Findings; 93-00832 HL DZ)

Discussion: Britta Olson, Acting Clerk of the Council, noted there was a request that this be continued one week.

Disposition: Continued to June 29, 1994 at 2:00 p.m.

At 3:00 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 23RD DAY OF JUNE, 1994 AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ben Walters, Deputy City Attorney; and Chuck Bolliger, Sergeant at Arms.

FOURTH FIFTHS AGENDA

- *1043** Contract with Mental Health Services West for \$525,000 to acquire the Royal Palm building and provide for payment (Ordinance)

Discussion: Commissioner Kafoury said they had been negotiating for some time to site the first piece of shelter reconfiguration, which is in four parts: the mentally ill; a women's shelter; and two single men's shelters. They have been able to work with the North downtown and River District business community to accept having the mentally ill shelter there, which is closer to services. This is a grant, there are new federal funds and this is budgeted money. It is a matter of appropriating and authorizing to meet the deadline tomorrow.

Disposition: Ordinance No. 167829-A. (Y-4)

- 1042** **TIME CERTAIN: 2:00 PM** - Multnomah County Commission Chair report on the County's adoption of their FY 1994-95 Annual Budget (Report introduced by Mayor Katz)

Discussion: Mayor Katz said when she was before Commissioner Stein's Commission to address the framework of the City's budget, she invited the County to share their budget, especially the things the Commission wanted to do because of the City accepting the transfer of the Deputy Sheriffs.

Bev Stein, Chair of Multnomah County Board of Commissioners, spoke in appreciation of the transfer of 23 Deputy Sheriffs, which resulted in \$2 million being shifted into other County programs. She cited the cooperative City/County work on domestic violence and homeless singles.

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Ms. Stein said the County budget was based on urgent benchmarks in four categories. The first, children and families, has had significant investments made to build family support networks in each of the County's six service districts. The second, public safety, had a unit of probation and parole officers added, as well as juvenile offender programs. The third, access to services, added two middle school health clinics, mental health services at the clinics, and evening hours. The library provides a major entry point to access services and, in the future, will be used as a non-stigmatized point of access. The fourth, good government, will monitor key results for each of the program areas to track the effect of the investments they are making. An evaluation person and a person to write grants for social services have been funded.

Mayor Katz asked if all this had been done with the \$2 million and Commissioner Stein responded that there was other money from the property tax increases.

Ms. Stein said one of the future challenges has to do with the Multnomah Commission on Children and Families, planning for children from zero to 18. The State is bringing more of the CSD services down to the local level. Another challenge, part of the agreement of the sheriffs' transfer, is the creation of an organizational assessment of the sheriff's office. Major school/County collaboration is being undertaken to find how they can work better together. Commissioner Stein noted the connection between federal, state and local initiatives that she and Mayor Katz were working on. The federal government has taken notice of them, because of the existence of the benchmarks, as a possible jurisdiction for block-grant money to the State which will then come down to the local community. This has the potential of being extremely helpful, giving the local governments the flexibility to shape programming to make the most sense for the structures, institutions and needs that have been identified.

Commissioner Hales asked how wide-ranging the sheriff's office assessment will be; a performance audit of the existing organization or an inquiry into roles and future responsibilities.

Ms. Stein answered that it was primarily an organizational assessment and added that they would be glad to hear from anyone on the Council about any issues that should be looked at. Citizen input would come in during the budget process.

Commissioner Kafoury said she had met with City Auditor Barbara Clark to look at some of the housing functions in reference to the block-grant. Auditor Clark has talked with the County

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Auditor about a coordinated audit and Commissioner Kafoury said it was timely to look at those functions as they are doing the new community development plan now.

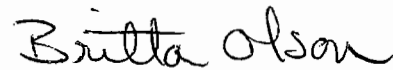
Commissioner Hales said the assessment could really help with intra-community equity, for instance how to shift resources. This would help to make the hard decisions about shifting resources.

In looking ahead, Ms. Stein mentioned that the crime-related initiatives coming up will, if passed, crunch down on social services. This is linked to concern with school funding, as the need for the County's social services would be vastly increased if the schools go down. She said that reclaiming confidence in government is something all of them are engaged in.

Disposition: Placed on File.

At 2:35 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland



By Britta Olson
Acting Council Clerk