



CITY OF

PORTLAND, OREGON

OFFICIAL
MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 21ST DAY OF SEPTEMBER, 1994 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

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

On a Y-5 roll call, the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 1506** Accept bid of Oak Hill Roofing for roofing construction at various locations for \$71,540 (Purchasing Report - Bid 13)

Disposition: Accepted; prepare contract.

- 1507** Accept bid of Brundidge Construction for Guilds Lake remediation project for \$1,077,000 (Purchasing Report - Bid 14)

Disposition: Accepted; prepare contract.

- 1508** Accept bid of Fletcher General, Inc. for outfall modifications at the Columbia Boulevard Wastewater Treatment Plant for \$2,620,598 (Purchasing Report - Bid 20)

Disposition: Accepted; prepare contract.

- 1509** Accept bid of Pioneer Waterproofing, Inc. for Mt. Tabor reservoir maintenance for \$121,734 (Purchasing Report - Bid 21)

Disposition: Accepted; prepare contract.

- 1510** Accept bid of Traffic Safety Supply Co. for furnishing annual supply of Type I barricades for \$27,000 annually for two years (Purchasing Report - Bid 22-A)

Disposition: Accepted; prepare contract.

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1511 Accept bid of K & R Plumbing & Construction for Alder Basin relief Unit 3 for \$865,398 (Purchasing Report - Bid 23)

Disposition: Accepted; prepare contract.

1512 Accept bid of Triad Mechanical for Sunderland pump station for \$693,104 (Purchasing Report - Rebid 24)

Disposition: Accepted; prepare contract.

1513 Accept bid of Brooks Products, Inc. for furnishing concrete meter boxes, lids and extensions for \$32,609 annually (Purchasing Report - Bid 25-A)

Disposition: Accepted; prepare contract.

1514 Accept bid of TC Products for sodium hypochlorite for \$73,700 (Purchasing Report - Bid 26-A)

Disposition: Accepted; prepare contract.

1515 Accept bid of Colt Construction Company for 8-inch water mains in NE Marine Drive and 185th Avenue for \$51,411 (Purchasing Report - Bid 30)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

***1516** Pay claim of Kenneth Loh (Ordinance)

Disposition: Ordinance No. 168114. (Y-5)

***1517** Pay claim of Rachele Lowe (Ordinance)

Disposition: Ordinance No. 168115. (Y-5)

***1518** Contract with Managed Healthcare Northwest, Inc. to provide workers' compensation managed health care services (Ordinance)

Disposition: Ordinance No. 168116. (Y-5)

***1519** Contract with Kaiser Foundation Health Plan of the Northwest to provide workers' compensation managed health care (Ordinance)

Disposition: Ordinance No. 168117. (Y-5)

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- *1520** Amend agreement for Community Policing assessment with University of Oregon to change termination dates and increase compensation (Ordinance; amend Contract No. 28610)

Disposition: Ordinance No. 168118. (Y-5)

- *1521** Provide three full-time officers to perform duties related to the prosecution of crimes within Multnomah County District Attorney's jurisdiction (Ordinance)

Disposition: Ordinance No. 168119. (Y-5)

- *1522** Interagency agreement with Parkrose School District to enhance police coverage with a School Police Program (Ordinance)

Disposition: Ordinance No. 168120. (Y-5)

- *1523** Intergovernmental agreement with Multnomah County Sheriff's Office for a county-wide Burglar Alarm Task Force (Ordinance)

Disposition: Ordinance No. 168121. (Y-5)

- *1524** Intergovernmental agreement with Portland School District No. 1J for inservice training (Ordinance)

Disposition: Ordinance No. 168122. (Y-5)

- *1525** Intergovernmental agreement with City of Fairview for inservice training (Ordinance)

Disposition: Ordinance No. 168123. (Y-5)

- *1526** Agreement to provide photographic developing services to the City of Gresham (Ordinance)

Disposition: Ordinance No. 168124. (Y-5)

Commissioner Earl Blumenauer

- 1527** Accept completion of the Maintenance Slurry Seal Project 1994 and make final payment to Asphalt Maintenance Associates, Inc. (Report; Contract No. 29299)

Disposition: Accepted.

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- *1528** Revocable permit to the Portland Art Museum to close the pedestrian easement on vacated SW Madison Street between 10th and Park Avenues for the evening of September 28, 1994 (Ordinance)

Disposition: Ordinance No. 168125. (Y-5)

- *1529** Revocable permit to Portland Brewing Company to close NW 31st Avenue between Industrial and Luzon on September 30, October 1 and 2, 1994 (Ordinance)

Disposition: Ordinance No. 168126. (Y-5)

Commissioner Charlie Hales

- *1530** Amend Code Section 3.22.180: Forested and Rural Areas Fire Protection Plan (Ordinance; amend Section 3.22.180)

Disposition: Ordinance No. 168127. (Y-5)

- *1531** Contract with Oak Hill Roofing for \$71,540 to roof various buildings for Portland Parks and Recreation and provide for payment (Ordinance)

Disposition: Ordinance No. 168128. (Y-5)

- *1532** Amend professional services contract with OTAK, Inc. to increase scope of work and compensation by \$1,500 (Ordinance; amend Contract No. 29241)

Disposition: Ordinance No. 168129. (Y-5)

Commissioner Gretchen Kafoury

- *1533** Authorize a loan in the form of a cash transfer from the Facilities Services Fund to the Northwest I-405 Fund for an amount not to exceed \$15,000, to be repaid with interest by the end of Fiscal Year 1994-95 (Ordinance)

Disposition: Ordinance No. 168130. (Y-5)

- *1534** Authorize Purchasing Agent to sign a Purchase Order as a contract with Halm Industries for a jet envelope press for the Bureau of General Services at the estimated amount of \$58,250 without advertising for bids (Ordinance)

Disposition: Ordinance No. 168131. (Y-5)

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- *1535** Authorize application to the U.S. Department of Housing and Urban Development for a grant under the Housing Opportunities for Persons with AIDS Program (Ordinance)

Disposition: Ordinance No. 168132. (Y-5)

- *1536** Contract with Innovative Housing Incorporated for \$40,000 to support affordable housing development and provide for payment (Ordinance)

Disposition: Ordinance No. 168133. (Y-5)

- *1537** Contract with Sabin Community Development Corporation for \$35,000 to support affordable housing development and provide for payment (Ordinance)

Disposition: Ordinance No. 168134. (Y-5)

- *1538** Contract with United States National Bank of Oregon and Portland Development Commission to execute a Private Lender Participation Agreement (Ordinance)

Disposition: Ordinance No. 168135. (Y-5)

- *1539** Contract with Friends of the Portland Community Gardens for \$10,500 to establish a community garden site at Vernon Tank and provide for payment (Ordinance)

Disposition: Ordinance No. 168136. (Y-5)

- *1540** Contract with Northwest Pilot Projects for \$30,000 to provide housing placement and stabilization services for low-income, elderly individuals and provide for payment (Ordinance)

Disposition: Ordinance No. 168137. (Y-5)

Commissioner Mike Lindberg

- 1541** Accept contract with N.T.A. Contracting, Inc. for the Mid County test pits as complete and provide for final payment (Report; Contract No. 29231)

Disposition: Accepted.

- 1542** Accept contract with John Arnold Co. for water mains in NE Holman, NE Buffalo Streets, NE Broadway and NE Crystal Lane as complete and authorize final payment (Report; Contract No. 29233)

Disposition: Accepted.

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- *1543** Agreement to transfer assets to establish Northwest Neighborhood Parks and Recreation Fund and authorize transfer of funds (Ordinance)

Disposition: Ordinance No. 168138. (Y-5)

- *1544** Authorize a contract and provide for payment for the 13th Avenue Basin sump project Unit 8 (Ordinance)

Disposition: Ordinance No. 168139. (Y-5)

City Auditor Barbara Clark

- *1545** Apply to the National Historical Publications and Records Commission for a \$38,200 grant to optically scan and index the City Council Minutes from 1920 to 1990 (Ordinance)

Disposition: Ordinance No. 168140. (Y-5)

REGULAR AGENDA

- *1546** Adopt Prosperous Portland, Integrated Policies for Jobs and the Economy, as the City's Economic Development Policy (Second Reading Agenda 1467)

Discussion: Michael Ogan, Portland Development Commission, summarized the five areas of concern raised. The first concern was that Prosperous Portland focused on growth, rather than on maintaining the standard of living and wages. He responded that growth is not a solution in and of itself but needs to occur in ways that link local residents to opportunities through training and education. That linkage is specifically what Prosperous Portland proposes. The second major issue is that Prosperous Portland favors big over small businesses. He noted that while most of the policies and strategies are aimed rather broadly the document does, however, cite specific policies which support small businesses and minority firms. The third issue concerned incentives and tax breaks. Mr. Ogan said the report does include a number of incentives, among them incentives for small business loan programs, financial assistance for small businesses, tax credits for sustainable companies and employee training. While they agree that incentives redistribute rather than create jobs, these incentives allow the City to influence where those jobs occur and what benefits accrue to the community as a result. Regarding the criteria and performance standards tied to incentives, a number of the examples cited dealt with the environment, minimum wage levels and work place regulations. He said these are generally outside the City's control and Prosperous Portland primarily talks about how these incentives can be used to leverage community benefit. Additionally, Council directed staff to develop a set of interim guidelines for awarding incentives. The fourth issue raises concern that economic development interests would supersede

environmental livability or other community values. He said none of the policies speak to subordinating environmental protection for economic development priorities. and there is specific language which speaks to pursuing economic development in a manner consistent with community values in the context of existing City policies.

Regarding the issue of community livability (Issue 12), Mr. Ogan said neighborhood associations have feared that in the push for economic development, everything else will be ignored. Again, he cited language in the report addressing this. Mr. Ogan said Issue 18 expresses concern that making the permit process simpler would impair environmental protections. The strategy in Prosperous Portland calls for simplification consistent with community values and City processes. The final major issue deals with suggestions that Portland adopt an alternative tax structure or economic models. He said in general Prosperous Portland does not propose structural changes to State or federal tax law or the world economy, viewing these as beyond its scope.

In addition to these areas of general concern, Mr. Ogan noted 18 specific word changes, two of which they support. The first is Southeast Uplift's request that the first paragraph on Page 3 be changed to note that, if Council adopts Prosperous Portland, only a portion of it will be included in the Comprehensive Plan. Staff recommends that the first part of the first paragraph be rewritten to state: "The City of Portland's economic development policy was originally adopted in 1980 and amended in 1988. Economic Development is also one of twelve elements of the Comprehensive Plan." On that same page, in the last sentence of the third paragraph the word "element" should be substituted for "policy."

Mr. Ogan said the second change staff recommends is Item 40 (Page 24) regarding Southeast Uplift's recommendation to add language that overtly states the intent to improve and maintain properties. The other suggested word changes primarily deal with adding neighborhood associations whenever there is a reference to community processes or involvement. Staff believes that the existing language provides clear intent and guidance and specific implementation actions are noted.

Commissioner Hales suggested taking action on the amendments but said he also wants to look at going beyond them, particularly where Council may wish to provide additional clarification.

Mayor Katz suggested voting on the staff-proposed amendments first.

Mr. Ogan said staff recommended two amendments, one concerning two changes in Item 25 (page 17) and one change to Item 40 (page 24).

Commissioner Hales moved the two amendments described in Mr. Ogan's

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September 19 memorandum. Commissioner Lindberg seconded and the motion carried. (Y-5)

Commissioner Hales said many of the amendments proposed attempt to cement coordination among City policies and bureaus but in most cases it is an overreach to try to use the economic development element of the Comprehensive Plan as the one place to enforce coordination. There is, however, one exception - Item 29 (page 19). If the City is doing economic development, at a minimum the neighborhood and local business associations should be involved. He said at times bureaus tend to run public involvement processes independently of these groups and he believes Council should be specific in directing them to include, at the very least, the neighborhood and business associations. He moved to amend both Prosperous Portland and the Comprehensive Plan to include them. Commissioner Lindberg seconded.

Mr. Ogan said in this specific case the document addresses the City's regulation process, not the community development planning process. He said he presumes that means all neighborhood and business district associations because regulatory changes generally do not apply to specifically targeted areas.

Mr. Glascock said he saw no difficulty with this amendment regarding the Comprehensive Plan.

Roll was called and the amendment passed. (Y-5)

Commissioner Blumenauer said Council must begin to tell people what it is not going to do and not say yes to everybody in the area of economic development. There will be hard decisions about trading off long term planning priorities versus short term economic benefit. He cited the ambiguity over Eastbank and the impact it had on the industrial sanctuary as an example. He said this document, however, provides a good catalog for the Council.

Cay Kershner, Clerk of the Council, said because of the amendments, this should pass to another second reading.

Council members said they do not consider the amendments substantive.

Kathryn Imperati, Senior Deputy City Attorney, said technically whenever a non-emergency ordinance is amended, it becomes a first reading. She suggested adding an emergency clause to overcome this problem.

Commissioner Lindberg suggested adding an emergency clause. Commissioner Hales so moved and the motion carried. (Y-5)

The Clerk then began the roll call from the beginning.

Commissioner Hales said three themes emerged from the issues raised. People felt it should be environmentally sound, respectful of the quality of life in the neighborhoods and that it should spread prosperity to the people and families who work in the community. He said the document has been adjusted to be clearer and better balanced in meeting these criticisms. As a result, it is a sound document and deserves support.

Commissioner Kafoury said she believes that this is a flawed strategy which combines short term tax incentives with marketing Portland's livability to large out-of-town firms. She said businesses come to Portland because it is a great place to work and if the City keeps giving away tax breaks, it reduces the ability to keep it a great place to live. Local officials must carefully invest in what they do best, ensuring public safety and a sound infrastructure with high quality basic services at an affordable tax rate. She said this requires that everyone, including businesses, pay their fair share of taxes. The conditions and criteria used for tax abatement in the future will be critical.

Secondly, Commissioner Kafoury said this plan does not address the concerns of workers below the median income and she believes the City could do more here, perhaps granting tax abatements based on worker conditions. She said she plans to convene a group of labor leaders, economists and community development specialists to see what the City could do to advance economic security. She suggested including an increase in the minimum wage in the legislative package as well as adding incentives for child care, health insurance and looking at the effect of hiring temporary workers as well as transportation and housing for low-income workers. She said she will vote for this today but hopes that Council will focus on two things. First, industries lured to Portland must help the City maintain its values as a livable community, benefit existing residents and pay their fair share. Second, all policies and actions must reflect concerns for living-wage salaries, benefits and economic security for lower-wage employees.

Commissioner Lindberg said he believes substantial improvements have been made to the plan because of the outreach and that the end product reflects the values of Portlanders in terms of quality of life, equity and protecting neighborhoods. He said he is pleased that it targeted existing and small businesses, not just large corporations, and included specific language recognizing the vitality of neighborhoods. He said he is also supportive of all the work done in the area of international economic development. He said his office made many suggestions regarding environmental and sustainability issues, almost all of which were incorporated. This is a good start. He said he too is concerned about implementation and the next step is to do a reality check and see whether

budget adjustments are needed to achieve these goals. He said this is a good document even though it will not solve every problem raised, adding that he does believe the City has a role to play in aggressively pursuing measures that achieve equity in the community.

Mayor Katz said this document, which is to last 20 years, has improved because of the suggestions made by the community. Prosperous Portland begins to address concerns about the declining standard of living and lower wages and the driving force has been to make sure the City positions itself so this can be turned around in the next 20 years. She said recognizing there is the "other Portland" that is not doing as well as the region is a painful but real fact. The question is how to retain the jobs already here and also bring new jobs and opportunities, specifically to the targeted areas in North/Northeast and Southeast. She said the use of tax incentives is not a key strategy but if they are used they must specifically benefit residents that have not yet benefited from the expansion of the economy. Another element to focus on is a customer-service orientation. Third, and probably the linchpin to this document, is the need to have a well-educated and highly-trained job force. That means targeting resources to key industries and to the school-to-work program. All that must be done within the context of value placed on the quality of life and the carrying capacity in terms of air quality, land-use and the community. Community-based strategies means small businesses, minority contractors and the development of main streets. This document has bench marks which are not perfect but at least provide a framework. She said there were legitimate issues raised which go beyond this document and should be addressed at the legislature. There will also be an opportunity to look at interim guidelines for tax incentives.

Disposition: Ordinance No. 168141 as amended. (Y-5)

***1547**

Amend Goal 5, Economic Development, of the City's Comprehensive Plan and adopt the Goal, Policies and Objective statements of the City's Economic Development Policy (Previous Agenda 1468)

Discussion: Bob Glascock, Planning Bureau, reviewed the Bureau's response to the 15 requests for amendments that were made during two hearings on the economic development element of the Comprehensive Plan.

Mayor Katz asked him to review the reasons the Planning Commission did not include certain wording on land-use issues. Commissioner Hales asked him to note those instances where the Bureau has recommended making a change as a result of the amendment requests.

Mr. Glascock noted that Southeast Uplift raised the question of the appropriate scope of the Plan. The Planning Commission proposed to narrow the focus on the economic development element so as not to further

frustrate the land-use process but with the understanding that a counterpart, Prosperous Portland, would give the City guidance on operational procedures. In the next year staff will insert a user's guide into the Comprehensive Plan in order to clear up confusion about mandatory and aspirational policies and how these are used in quasi-judicial and legislative decisions. The Bureau also has a project to amend Title 34, the Subdivision Code, and will be looking at ways to keep the Subdivision process from having to make findings against the Comprehensive Plan. The Planning Commission wishes to spend more time before bringing forth proposals for changes to the other Comp Plan elements.

Mr. Glascock then reviewed Bureau responses to the fifteen issues raised. He noted that in many cases the Planning Commission had considered the language brought to the Council earlier and chosen then not to add it. The request relating to community-based economic development dealing with neighborhood livability is the one request where the Bureau recommends approval. It recommends adding language to the policy statement on community-based development stating that those initiatives are to be consistent with the Comprehensive Plan and compatible with neighborhood livability. Staff believes this does not change the direction Prosperous Portland is headed but is a reminder of the need to balance economic development with the protection of neighborhoods. Regarding Issue 5.4 calling for promotion of a regional transportation system that facilitates economic development consistent with the transportation element of the Comp Plan, Mr. Glascock said the Bureau believes staff would be doing that anyway. However, if Council wants to add further emphasis, this amendment could be approved even though the Planning Commission's approach was to streamline the Comprehensive Plan.

Commissioner Hales, citing Mr. Glascock's memo, noted that Planning staff had, after the Planning Commission hearing, confirmed with Office of Transportation staff that the transportation element is desirable but not vital. He asked if the Planning Commission got a clear idea of what the effect of this change would be.

Mr. Glascock said after the discussion with the Planning Commission, Transportation felt the addition of that language was not vital since there will be an introduction to the Comp Plan to make clear that all goal elements would be considered. He said the issue is one of emphasis, not changing policy.

With regard to amendment requests for traffic mitigation in neighborhoods, Mr. Glascock said the Planning Commission was not able to agree on language for this, noting that the transportation element of the Comprehensive Plan already contains policies regarding parking management when development occurs. Once again, this is a matter of

emphasis. This applies also to the requests regarding community involvement in infrastructure development (Policy 5.5 and 5.5-A). He said staff is trying to bring forward tight language that is not redundant.

Mayor Katz said the Office of Neighborhood Associations (ONA) is now reflecting how much broader it may want to establish itself within the community. There are a lot of community-based groups that are not business or neighborhood associations that need to be included too. She asked if it was the Commission's sense that it did not want to include language that would leave out some groups.

Mr. Glascock said the Planning Commission thought it was important to describe who would be involved in the community-based coalitions for economic development. Regarding decisions on infrastructure development, it did not feel that specific organizations needed to be identified. He said the neighborhood goal element acknowledges that ONA-recognized organizations are an important part of the public review process.

Commissioner Hales said this amendment is appropriate as it says the participatory process should include at least the neighborhood and local business associations. This is a good amendment because it sets a minimum standard for involvement.

Mr. Glascock continued his review of the amendment requests, noting that Planning staff recommends approval of one, neighborhood livability (5.3).

NOTE: Mr. Glascock's testimony occurred prior to the testimony on Item 1546 and at this point it stopped and Council did not resume consideration of 1547 until after final action was taken on 1546.

Commissioner Hales moved the amendments proposed by staff in Mr. Glascock's memo of September 16, 1994. Commissioner Lindberg seconded and the motion carried. (Y-5)

Commissioner Hales moved the amended language underlined on page 10 of Mr. Glascock's memo adding language to include neighborhood and business associations. Roll was called and the motion carried. (Y-5)

Disposition: Ordinance No. 168142 as amended. (Y-5)

1548

Request of Norman Wicks to address Council on a police issue (Communication)

Discussion: Mayor Katz noted that Mr. Wicks had been informed that he would be granted three minutes to address Council but was not present.

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Disposition: Filed for no further consideration.

Mayor Vera Katz

- *1549** Accept a \$100,000 grant from U.S. Department of Justice, Office of Justice Programs for the Summer Youth Gang Diversion Program (Ordinance)

Discussion: Mayor Katz said this is one of the small successes the City has had with 37 young people, who they hope to rehire next summer.

Disposition: Ordinance No. 168143. (Y-5)

- *1550** Agreement for Downtown Clean and Safe District Management Services between the City, Association for Portland Progress and Portland Downtown Services, Inc. (Ordinance)

Discussion: Chris Thomas, attorney representing Association for Portland Progress, said this agreement follows prior ones and includes the Clean and Safe District.

Disposition: Ordinance No. 168144. (Y-5)

Commissioner Gretchen Kafoury

- 1551** Accept Northeast Community Policing Center at 449 NE Emerson as complete, authorize Change Order No. 24 and make final payment to Koll Construction (Report; Contract No. 28973)

Discussion: Commissioner Kafoury said overall there was 34 percent MBE participation and the combined MBE, FBE and ESB was over 50 percent.

Mayor Katz asked about the claims of a subcontractor asking for reimbursement, voicing her concern that a small business is not forced out of business because payment is delayed.

Karen Kramer, General Services, said a claim has been filed through the general contractor and is being monitored very carefully and while there has been no resolution yet, the subcontractor does not seem to be in danger of going out of business.

Mayor Katz said reaching 50 percent is incredible and that is one reason the City chose the contractor it did. The next ribbon cutting will be on the retail space.

Disposition: Accepted.

- *1552** Amend City Code relating to the Downtown Business Property Management License Fee, to make minor and technical corrections (Ordinance; amend Chapter 6.06)

Disposition: Ordinance No. 168145. (Y-5)

- *1553** Enter into a construction contract for tenant improvements on the 8th floor of the PacWest Center to accommodate the Combined Sewer Overflow project without advertising for such services (Ordinance)

Discussion: Commissioner Lindberg noted an exception to normal procedures regarding this and the following ordinance, adding that an excellent justification was needed to approve them.

Karen Kramer, Bureau of General Services, speaking on behalf of the BES/CSO Group, said these ordinances allow the use of informal bidding procedures for tenant improvements and for furniture and equipment needs for the CSO program. She said both contracts have been designed to make use of existing space and furniture but additional purchases need to be made. The tenant improvements will be covered by the tenant improvement allowance which is part of the lease while the furniture/equipment needs will be covered by the CSO program budget. She said they believe the informal bidding process has respected an open and competitive process, balanced with cost and time savings.

Commissioner Hales, confirming that this creates a project office consisting of both consultants and City staff, asked if this was the City's share for staff.

Lyssa Druback, CSO Administrative Manager, Bureau of Environmental Services, said the office will house both consultants and staff together as a management team. The tenant improvements are for the CSO program only and they estimate there will be 39 staff people there.

Ms. Kramer said the tenant improvements will cost \$225,000 on the whole eighth floor, not including furniture, and the CSO improvements will cost significantly less than that.

Commissioner Hales asked how many positions are new ones.

Ms. Druback said the additional positions are all limited-term but will become full time over a two-year period, as the Mid-County sewer project is completed. There are no new positions in BES's budget for this particular program.

Commissioner Hales asked why furniture was needed for people already on the payroll.

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Ms. Druback said the furniture for people currently on the payroll is being left at the Portland Building as new staff is coming into BES there. A decision was made that the CSO program would have to purchase new furniture and equipment but in the sub-lease agreement the City has stated it will take existing furniture left by the sub-lessor.

Commissioner Hales asked if staff is being added to BES.

Ms. Druback said six people will be added to their staff over the first year of this program.

Commissioner Hales said then you should need to add furniture for only six more positions.

Ms. Druback said they were told to leave their furniture and equipment at BES in the Portland Building for others, not in the CSO program, to use.

Commissioner Hales said he does not understand why so much new furniture is needed for limited-term positions. Why is the office infrastructure being expanded so much.

Ms. Druback said they are providing furniture for the entire program team, including the consultants as that was part of the contract negotiations. She noted the consultant contract was \$3.2 million.

Commissioner Lindberg said normally one would not provide office space and furniture for a consultant.

Ms. Bates said the contract was negotiated with the consultant, Sverdrup, so that the City would provide office space and furniture since Sverdrup plans to be gone in the next five years, transitioning its positions to Bureau employees so that consultant assistance will not be needed. Those facilities will be needed as consultants move out and bureau people move in.

Commissioner Hales said he thinks his questions have been answered.

Mayor Katz said Council is saying do not spend money on fancy furniture and do not consider this as permanent housing as there may be other lower-cost opportunities in the future. Whatever is purchased needs to be movable.

Commissioner Lindberg said the whole issue of leasing or buying second-hand are options to be considered.

Commissioner Hales said he has been trying to send a message to all bureaus, particularly BES because of the size and number of its projects,

that he needs to see some thrift. He said is still very concerned about how the business of City government is operated with taxpayer dollars. He said he wants to see fewer examples of shiny new office space and furniture and more evidence of thrift. He said he is voting for this with considerable reservations.

Commissioner Kafoury said this should apply to all bureaus. Mayor Katz agreed, adding that just because there is a \$3.2 million appropriation does not mean it all has to be spent.

Disposition: Ordinance No. 168146. (Y-5)

- *1554** Enter into contracts to purchase furniture for the Combined Sewer Overflow project without advertising for such services (Ordinance)

Disposition: Ordinance No. 168147. (Y-5)

Commissioner Mike Lindberg

- *1555** Authorize a contract for remedial action construction at the Guilds Lake industrial site and provide for payment (Ordinance)

Disposition: Ordinance No. 168148. (Y-5)

City Auditor Barbara Clark

- *1556** Create the SE Valentine Drive Local Improvement District (Hearing; Ordinance; C-9836)

Discussion: Dan Vizzini, Auditor's Office, said they received several remonstrances on this project in the far east side of the City.

Mayor Katz asked why this has an emergency clause.

Mr. Vizzini said because they hope to start at least part of the construction this building season.

George Jernberg, 9050 SE Valentine, urged approval of the project. Noting that some property owners are waived, he said Valentine is the only unimproved street in the area. He said they obtained sufficient signatures to do the improvement but recognizes that the improvements are an economic hardship for some property owners. He said because of the chuckholes, dust and delays down through the years, this improvement is urgently needed.

Patricia Grapperhaus Campagna, 8879 SE 91st, said she opposes this street improvement because of the cost, adding that her assessment will

be over \$17,000. She said the City should be responsible for improving those streets because when these houses were built there was a State law that any builder who erects more than four houses was responsible for the streets. Six houses were built but the streets were not improved.

Michael Schultz, 9104 SE Valentine, said he realizes it will be expensive but this is the only process he knows for getting the street improved. He said the project has taken a long time, from 1992 to 1994, and he believes some improvements could be made in the process.

Troy Adkins, 8948 SE Valentine, opposed the project, adding that he has no vote since there is a waiver on his property which was not brought to their attention when he bought it. This improvement will only increase traffic because of its proximity to Johnson Creek Boulevard and will impose a severe economic hardship on his family because of illness.

Commissioner Blumenauer said this will be a narrow, skinny street, ending in a cul de sac so it is unlikely that people will be racing up it.

Teresa Culp, Office of Transportation, said that is correct.

Commissioner Blumenauer moved to overrule the remonstrances and approve the recommendation to move forward with the project. Commissioner Hales seconded and the motion carried. (Y-5)

Commissioner Blumenauer said he hopes the Auditor's Office will meet with the affected property owners to try to minimize hardship.

Commissioner Hales said while it is important to reduce the financial impact as much as possible, at some point the street must be improved and the question is, if not now, when?

Disposition: Remonstrances overruled. Ordinance No. 168149. (Y-5)

***1557**

Create the SW Palatine Street Local Improvement District (Return Agenda 1399; Hearing; Ordinance; C-9831)

Discussion: Mr. Vizzini said Council held a hearing on this LID on August 21, 1994, overruled the remonstrances and directed the Auditor's Office to make a few changes in the apportionment of costs. New estimates were mailed out with an explanation of Council's decision, particularly regarding the Stockings property. A covenant and deed restriction for the Stockings' property is still being worked on but it is not anticipated there will be problems with that. No written remonstrances have been received to the second notice.

Disposition: Ordinance No. 168150. (Y-5)

*1558

Create the SW 41st Avenue Local Improvement District (Return Agenda 1400; Hearing; Ordinance; C-9799)

Discussion: Mr. Vizzini said this district was also considered on August 21, 1994 at which time Council overruled the remonstrances and directed the Auditor to make adjustments to the estimates to add a discount for properties on improved corners. That was done and new notices were sent out; no written remonstrances have been received although there has been considerable discussion with one property owner.

John Orlando, 4026 SW Comus, distributed a petition in opposition signed by all the affected property owners other than the petitioner. He said this is turning into a cul-de-sac that serves already existing houses, whose owners are not in favor of paving the street. The cul-de-sac will primarily benefit a proposed new development but the other property owners are paying for a good portion of it. He said he and the rest of the neighbors do not think this is fair.

Darien Loiselle, 10933 SW 41st, said putting the road in prior to the development is putting the cart before the horse as development may not be possible in this environmentally sensitive area.

Robert Gehne, 4030 SW Comus, opposed the project, noting he has no access to the proposed street and he could never use it. He said there are a lot of trees back there that should not be cut down since the current gravel road is better than most.

Wayne Nunnally, 4122 SW Pasadena, said the proposed improvements would cost him \$8,316 but would not extend to his house, therefore being of no benefit to him. Also the small stretch of pavement does not join with any street that has been improved by the City. The purpose appears to serve future development and is not supported by affected residents, is unnecessary and unwanted as well as an encroachment on natural areas.

Mr. Vizzini said the issues raised here do not differ from those raised at the first hearing and the apportionment method is consistent with City policies. It is a fact that the developer will be assessed for about 41 percent of the total project costs because of the amount of square footage he is bringing to the affected area. Questions regarding the connection were addressed by Transportation at the previous hearing. He said this is an unfortunate situation where houses were built ahead of infrastructure that should have been there initially. He said the majority of the cost of the project is for the street and storm sewer and that is proportioned on the total square footage.

Commissioner Lindberg asked how much voting power the developer had in deciding whether to have an LID.

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Mr. Vizzini said the voting power is also based on total area. It was essentially done at the request of a single petitioner as most of the other properties were waived. He said a motion is needed to set aside the oral objections.

Commissioner Hales so moved. Commissioner Kafoury seconded and, hearing no objections, the Mayor so ordered.

Disposition: Objections overruled. Ordinance No. 168151. (Y-5)

1559 Create the SW Pasadena/37th Local Improvement District (Second Reading Agenda 1495; C-9820)

Disposition: Ordinance No. 168152. (Y-5)

1560 Assess property for private plumbing contracts through August, 1994 (Second Reading Agenda 1496; P0005)

Disposition: Ordinance No. 168153. (Y-5)

At 11:40 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 21ST DAY OF SEPTEMBER, 1994 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

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

Commissioner Charlie Hales

- *1561** Adopt Natural Resource Inventory, ESEE analysis, and Skyline West Conservation Plan; amend Comprehensive Plan and Title 33 of the City Code; amend Official Zoning maps of the City of Portland (Second Reading Agenda 1429)

Discussion: Tim Brooks, Bureau of Planning, reviewed the issues matrix, focusing on those that recommended changes. He noted Commissioner Hales' suggestion (Issue 16), based on the recommendation of several citizens, to add an emergency clause. Staff concurs and the Permit Center is prepared for its passage also.

Other issue recommendations included:

Issue 18 - Bachrach property: Mr. Bachrach and staff have reached agreement.

Issue 20 - Conover property: The Conovers were under the impression that substantially larger setbacks were required than actually are. That has been clarified. The mapping was reviewed and it was found that the draw did not go as far as originally indicated and staff recommends that be pulled back slightly.

Issue 23 - the Lewis/Perry property: Staff found that the fish and wildlife habitat assessment provided by the property owners' consultant supported the City's finding that the site contains significant resources. After an on-site review, staff recommends removal of some protection zoning and application of a mapping technique for the drainage ways whereby an environmental protection zone is centered on the creeks that are identified.

Issue 24 - Loy/Wagner property: Staff proposes that Council adopt the map shown in Exhibit H as the actual zoning.

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Issue 27 - Ramsey property: The Planning Commission had originally recommended some modification of the drainage, reducing it to provide more flexibility, and staff is recommending further reductions in the protection zoning so that access and developability is improved. It also recommends narrowing the environmental protection on the drainages themselves. The mapping technique noted above will be used. A related amendment (Exhibit I) acknowledges that evergreen trees may reduce solar access and passive heat gain and therefore have a negative energy consequence as a result of protecting the trees.

Issue 28 - Skyline Acres: This site involves four property owners in the same subdivision and staff has reached general agreement with two, Prinz and Lovett, about modifying the zone so that it protects the ravine but does not affect their homes or landscaped yards. On Lot 25 (Goncher) they propose to remove that protection zone.

Catherine Lawson, economic analyst, said to address the issues raised regarding the impacts of environmental zoning on activity levels, cost and values, they conducted several additional studies and found that property values stabilized after the imposition of environmental zoning. They looked at properties with and without environmental zoning that had similar significant resources and neighborhood characteristics in the Southwest Hills Plan area. Second, 276 environmental reviews conducted since 1991 indicate that levels of development activity stayed the same or even increased where environmental zoning has been applied. Only 30 percent of the reviews for residential development indicated that property owners hired additional assistance for the review and in some cases the architect provided that service. Finally, the range of prices was higher in the Southwest Plan area on properties with environmental zoning.

Commissioner Hales moved the amendments recommended in Mr. Brooks' and Ms. Lawson's memo of September 16. The motion was seconded, roll was called and the motion carried. (Y-5)

Commissioner Hales said he was pleased that the problems had been narrowed to a manageable number through the hearings process and that they were able to get to "yes" with most property owners concerned about the effect of environmental zoning on their property. He noted, however, that the City is not dismissing concerns with the environmental zoning regulations and recommendations for streamlining them will be brought to Council very shortly. Many of the problems raised by those testifying can be addressed through streamlining or by making the regulations easier to use. However, the mapping process needs to be completed and this has been a finer job than previous efforts.

Mayor Katz said people in the real estate community and developers have a responsibility to provide accurate information to their stakeholders

because false information can enrage people about what government is doing to them. She said the City welcomes input and has an open process but everyone has to take on that responsibility. She asked Planning staff to critique the streamlining recommendations when they are proposed and possibly make recommendations to Council for options in addition to those proposed by the Commissioner or the Streamlining Task Force. She said she does not want to simplify backyard plantings but, unless Planning can make a good case for it, she does not think government should get into describing exactly what plants should be planted in people's backyards if they are in designated zones.

Disposition: Ordinance No. 168154 as amended. (Y-5)

S-*1562 Amend the Comprehensive Plan map and change the zone of property located south of N Tomahawk Island Drive and Jantzen Avenue, between I-5 and the Lotus Isle Subdivision, from IG2, Industrial to R3, Residential (Second Reading Agenda 944)

Discussion: Cay Kershner, Clerk of the Council, said this returns to Council for correction of an oversight, noting that a substitute had also been distributed.

Commissioner Hales said there was no Second Reading and therefore Council has to readopt the ordinance. He moved the Substitute; Commissioner Kafoury seconded and the Mayor, hearing no objections, so ordered.

The Clerk said it needed to be amended to add an emergency clause.

Commissioner Hales so moved and the Mayor so ordered.

Disposition: Substitute Ordinance No. 168155 as amended. (Y-5)

Commissioner Gretchen Kafoury

1563 Return calendar item No. 1178, liquor license application for Stars, L.L.C., dba Stars, 5 NW 2nd Avenue, Dispenser Class A (new outlet); amended recommendation, favorable with conditions (Report)

Discussion: Mike Sanderson, License Bureau, noted that the proposed location is inside the Burnside District Impact Area but that the Code provides that such restrictions shall not apply to licenses where the sale of alcoholic beverages is incidental to full service restaurant facilities. This outlet meets that criteria and, because the Police Bureau investigation revealed no information to preclude issuing the license and the applicant has developed a plan to address neighborhood concerns, the License Bureau recommends a favorable endorsement with the condition that the

licensees disclose all future entities that may acquire a financial interest in this operation and that they maintain the elements of the good neighbor plan.

Jim Neil, attorney representing Stars, said he would like to hold off his comments until after the other witnesses testify.

Randy Kaiser, one of the managers of Stars, said this operation will be quite tame compared to the days when Erickson's was world-renowned as a working man's club. He said Stars is not a strip club but a show club with professional management and a firm recognition of community standards. It will offer games, sports television viewing and a varied entertainment package, including comedians, live music and exotic dancing. Stars dancers will emphasize style and elegance, not graphic nudity. This is not seen as an opportunity to test the limits of the First Amendment. He cited 30 letters from neighbors in support, adding that he met with the Old Town/Chinatown Neighborhood Association which has endorsed a good neighbor agreement with them. He said they believe Stars will not denigrate the neighborhood but hasten the progress already underway in Old Town, noting that they will have a doorman, uniformed security, valet parking services that include neighboring restaurants and will also offer food from neighboring restaurants at their lunch buffets. In addition, they will hold a number of fund-raising events to benefit local charities.

Sherwood Dudley, representing the Historic Old Town Association, said Stars should be a welcome addition to the new night life district and to Portland's mix of attractions.

Others speaking in support included:

Chalmers Napoli, head of valet parking for Jazz de Opus
Ann Abraham, 625 NW Everett, 97209
Gerasimus Tsirimisabel, 215 W. Burnside, owner of the Alexis restaurant
Jessie Sposito, an employee at Lighting Specialties, SW 1st & Couch
Lester Beckman, 1450 SW Highland Rd., 97221
Todd Sparks, 20 NW 2nd, 97209
Karen Hurtig, 13120 SE Stephens, 97233
Scott Spencer-Wolff, 71 SW Oak, 97204
Alison Clark, no address stated
Lynn Barnes, an ex-dancer
Marcus Tempy, 6933-A SW 82nd, 97266

Supporters said this will be a first-class operation that will revitalize the area and will respect and protect the women dancers. They said people have the right to patronize such establishments and women have the right to dance if they want to. Several testified that it would be wrong for the

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City to censor such an operation unless it can establish a clear and present danger.

Individuals speaking against the application included:

Gary Schindt, 10607 SW 63rd, 97219
Virginia Briggs, 2221 SW 1st, #825, 97201
Bill Resnick, 1615 SE 35th, 97214, Jobs with Justice
Susan Hunter, Council for Prostitution Alternatives
Craig Smith, 2126 SE Madison, 97214
Major Neil Hogan, Salvation Army, 124 W. Burnside
Elizabeth Fournier, no address given
Debbie Wood, Central City Concern
Larry Fishman, owner of an Old Town business
Melissa Delaney, Adult Oriented Business Task Force
Katherine Anderson, Adult Oriented Business Task Force
Richard Lishner, 2545 SE 37th, 97202
Barbara Dirks, National Organization of Women
Jean DeMaster, Transition Projects
Art DeMuro, 322 NW 5th, 97209
Lori Penkin, counselor for Prostitution Alternatives
Jenell Neuffer, counselor for Prostitution Alternatives

Many of those opposed testified that a strip club, even when it is called a gentlemen's club, is still a strip joint, an activity that exploits women and serves as a magnet for prostitution, drugs and criminal activity. They said granting this license would set back all the efforts of the City and area residents to turn Old Town around and erase its image as the red-light, drug-dealing center of town. Opponents, many of them representing social service agencies in the area, said their clients will be ill-served by siting this kind of establishment in such a fragile area, adding that it will also make it harder to attract the kind of businesses and residents that are needed here to create a new image for Old Town.

Mike Roberts read a letter on behalf of Father Richard Berg, President, Old Town/Chinatown Neighborhood Association. The letter notes that the neighborhood is very diverse, one that also anticipates becoming a prominent night life entertainment district. Given the nature of the nude-dancing business, most members of the neighborhood board did not support the opening of the cabaret. However, despite an array of individual differences, the Board voted unanimously to constitute a committee to work with Mr. Kaiser, Mr. Neil and their associates in negotiating a good neighbor plan. Father Berg wrote that he signed the agreement on behalf of the Association which does not oppose granting the liquor license providing the good neighbor plan is attached as an appendix to the license. He notes that the plan contains 20 conditions, including special attention to security procedures for employees and customers, an employee training

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program about sexual harassment and an annual \$10,000 education fund for employees and another fund for employees who seek help for drug or alcohol rehabilitation. Prohibition of drug trafficking, weapons, prostitution, sidewalk maintenance and valet parking are also called for in the conditions.

Commissioner Blumenauer said he was confused by the language which states that most members do not support granting the liquor license.

Mr. Roberts said the Old Town/Chinatown Neighborhood Association voted to endorse the liquor license application.

Commissioner Blumenauer noted, however, that the text of the statement says that most members did not support the opening of the cabaret. He asked what would happen if two or three "upscale" operations of the same type went into Old Town. He asked if that would change their attitude.

Mr. Roberts said he could not answer that.

Commissioner Blumenauer said it sounds as if it is acceptable if someone makes enough money to buy their way out of the problems. He asked what happens if a bunch more of these businesses move in and what Council, which has worked for years to clean up this area, is supposed to do.

Mr. Roberts said he would prefer that Father Berg answer those questions. He said he personally believes, as an Old Town businessman, what Mr. Kaiser is doing will be good for the community as he has eliminated the sleaze factor from the operation and, if another nude dancing establishment was to come into the neighborhood with a similar concept and philosophy, he would endorse it also.

Commissioner Blumenauer asked if he would like to see five like this in this neighborhood.

Mr. Roberts said he did not think Old Town could support five such establishments.

Mayor Katz asked about the closed vote taken on endorsing this application.

Mr. Roberts said there was a secret ballot, recalling that the vote was four in favor, three against, and two abstentions.

Mayor Katz asked why it was necessary to take a closed vote.

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Mr. Roberts said some board members found they might be incriminated for their feelings.

Mayor Katz commented that Item Nos. 2, 3 and 4 are clear admissions that there is a problem with the sex industry, comparing their inclusion to what video poker legislation did in setting aside a percentage of the receipts for gambling addiction treatment and enforcement.

Mr. Roberts said he believes the attitude that there is a problem is a minority one.

Mr. Neill cited factors he believes Council should consider in granting or denying a liquor license. He said he knew from the beginning this applicant would create a furor but it follows the statutes and the rules. The Neighborhood Association has endorsed this application, which carries with it a good neighbor agreement, adding that, if Council wants the agreement to be a condition of the lease it will be added tomorrow, if Mr. Naito agrees. He said this agreement is one way the neighborhood can hold the licensee's feet to the fire and suggested that this agreement could be used as a standard for future applications. Mr. Neill noted that Stars has support from neighborhood businesses, not just restaurants, and received endorsements from the Police Bureau after a long investigation as well as the License Bureau. The latter notes that it is precluded from making a recommendation based solely on the club's planned entertainment. If the License Bureau is precluded, so is City Council, said Mr. Neill, noting that the objections heard today focused on the type of entertainment. Further, this licensee intends to spend between \$500 to \$750 million dollars in Old Town which they believe will be beneficial to the community. Finally, he noted he is chair of the Association for Portland Progress (APP) Night Life District committee, a group trying to create a night life district between First and Third Avenues and Oak and Everett Streets. He outlined the kinds of entertainment listed on a brochure the Task Force has issued, noting that the list includes exotic dancers. He said Mr. Kaiser was brought to this site by a broker who knew about the night life district and, speaking as a member of that Task Force, he can guarantee that there will not be two or three or more of this type of operation but one would be very good in this location.

Commissioner Blumenauer asked him how he could guarantee that and stop the next application for the same type of operation.

Mr. Neil said APP could come in with an unfavorable recommendation.

Commissioner Blumenauer asked on what basis they could do that.

Mr. Neill said they have a vision for the night life district that would have a variety of operations. He said the biggest tool for preventing more

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establishments with exotic dancing would be not having the landlord approve the lease.

Commissioner Hales asked about existing licensees in the neighborhood who want to convert to this kind of operation after they see what a money maker it is. They would not have to ask their landlord for permission because they have an existing license or own the building.

Mr. Neil said they would not have to ask Council either. He said if the City agrees that certain kinds of uses are appropriate and conspires to get the best kinds of clubs, it will get them. But if Council says this kind of club is not good, then is a gay bar good or bad? Does the City want to get into deciding what kind of entertainment is the right kind for this neighborhood. He said maybe the landlords and people around there should make the decision. He said Council must follow the law and this license application follows the law and more, setting good precedents, particularly with the good neighbor agreement. He said this is a historic site that has been left vacant too long and that this application falls within the criteria.

Mayor Katz asked staff who has made a financial commitment to this organization right now.

Mr. Sanderson named the owners, including Phoenix Holdings, and the percentages they own, adding that almost 20 percent of the available business is unsold. He said the Police Bureau checked the personal history forms of all investors and the OLCC was asked to see where that money came from and, to date, they have accounted for every dollar. A personal history was run on all the investors and nothing was found.

Mayor Katz asked if Mr. Kaiser's claim that Phoenix Holdings has always been an Oregon corporation was accurate.

Mr. Sanderson said he did not know.

The Mayor quoted from an article in the Oregonian which indicated there is a business with the same name in Colorado, which was dissolved by the state in 1993 after required reports were not filed.

Mr. Sanderson said he did not know if this was the same corporation.

Mr. Neill said it was not the same.

Mayor Katz asked Mr. Sanderson to check to see if the owners of the company in Colorado are tied to the one in Oregon and to find out who held shares in the Colorado company.

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Mayor Katz asked if Mr. Kaiser has a financial interest in this company.

Mr. Neill said Mr. Kaiser has a sweat equity position in Stars L.L.C. but has no financial interest in that or Phoenix Holding.

Mayor Katz asked about Patricia Lynn of Denver and why she is not listed as one of the principals since she has a \$100,000 loan.

Mr. Neill said she is Mr. Kaiser's mother.

Mr. Sanderson said she made a loan but did not secure it with shares in the company and therefore does not have a financial interest in the company.

Mayor Katz asked how much money is available right now to begin this operation.

Mr. Neill said \$450,000 plus the landlord's contribution of \$75,000. The OLCC has done a thorough investigation to see if the money raised to date is enough to open it and he believes they have concluded that it is. This operation does intend to continue to raise money but has no objection to the City's condition that any and all future investors be identified. He said OLCC will be making the same request and they have nothing to hide.

Mayor Katz asked Mr. Neil if his clients would invest in this if no exotic dancing was permitted.

Mr. Neill said investors are attracted because there is nothing else like this in Portland and the places like this in other communities do very well.

Commissioner Hales said he is concerned with two of the criteria, numbers seven and eight, for denying licenses. Number seven states that sufficient licensed premises already exist in the locality and the license is not demanded by public interest or convenience. He asked for staff interpretation of number eight which states that licensing of the premises would not be in the best interests because of a history of illegal activities, altercations, noise or other disturbances around the premises. He said he assumes that it does not simply mean the premises itself but also the neighborhood in which it is located.

Mr. Sanderson said that is correct.

Commissioner Hales said so the environment of a number of licensees in the area causing illegal conduct can be grounds for denial.

Mayor Katz asked Mr. Neill about his statement in the Oregonian that investors prefer anonymity in order to avoid harassment.

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Mr. Neill said they have disclosed all investors to the City and OLCC and what they disclose to the Oregonian is their business.

Mayor Katz said background investigation is a requirement of the City and asked if he was prepared to do that.

Mr. Neill said they will give anything to any government body that requests it, adding that the employer of one Colorado investor was called by the Oregonian and other investors decided not to be involved because they did not want to be harassed at their employment by the media.

Mayor Katz said she has a problem with the Denver connection.

Mr. Neill said they formed Phoenix Holdings in Oregon and he knows nothing about Phoenix Holdings in Colorado. He said this investigation has been going on for four months and any time anyone has asked them a question, they have answered it.

Commissioner Kafoury moved to reverse the recommendation of the License and Police Bureau and recommend to the OLCC that the license not be granted.

Commissioner Blumenauer seconded.

Commissioner Kafoury said she thinks the City has more latitude than has been implied in making these decisions, adding that they have been trying to get local decision making recognized in the OLCC process. Part of that has been designating certain areas as impact areas. She said Old Town is the first impact area and to imply that additional activities involving alcohol, and now a sexual business, will not have a negative impact on the area is frivolous. She said the police officers she has spoken to absolutely agree there is a connection between sex-selling businesses and liquor, with increased criminal activity, harassment and other neighborhood impacts. She said there is saturation in this neighborhood already and she would have to see a different kind of activity here than what brought down this area in the past. Second, Council has a leadership responsibility in setting community standards and should not try to hide behind the guise of bringing business to a night life area. She said she is personally outraged to hear conversations about gentlemen's clubs in 1994 and to say that a gentlemen's club is okay and not like all those other sleazy bars is classism and very offensive. She said she thinks there is sound footing for an unfavorable endorsement because of the impact area and a very fragile neighborhood.

Commissioner Blumenauer said although he sympathizes with the implications about the sex industry, the reason he will reject this is because this is probably the most fragile neighborhood in the City. This

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should be emphasized in the new recommendation as the City has a century-long history of struggle here with drugs, prostitution, drunkenness, illegal gambling and crime on the street. The record should be clear that the Police did not endorse this; they just did not find a reason to turn it down. That is a big difference. He said Council should make it clear to the License Bureau that the language in the recommendation misses the mark and should be changed to indicate that there are people housed here who are trying to escape exactly this type of life style. Finally, if this type of establishment is permitted here, in an impact area, it can be permitted anywhere in the City. He said he does not think that is appropriate.

Mayor Katz said she is not convinced there has been a full disclosure of the financial history. The State Constitution is very clear about freedom of speech and expression. However, she said, there are other factors to consider when determining the location of topless bars, noting that there are residents all over the City who are going crazy because of the impact of such places. In this case Council has an opportunity to weigh all factors, including the Constitution, in this very fragile neighborhood. She said the City has made a serious impact on Part I crimes in this area and, in the first six months, the City has achieved a 64 percent reduction in Part I crimes, not including prostitution. However, the numbers are still much higher than the City as a whole and a lot more effort will be needed to get criminal activity off the street here. She said she is not about to reverse that trend nor is she prepared to continue a financial investment in this community if this is the kind of night life district that is planned.

Commissioner Blumenauer said as they went through the hearing Council found this did not have the support of all the business community and that the neighborhood association had an anonymous vote where only four people voted yes. That is not support and it seems to him that a lot more people are opposed. The City has invested millions in infrastructure in this area, including the transit mall, and this business jeopardizes what it has done.

Commissioner Hales said making a decision about a liquor license is a constrained process and Council can only make a recommendation to the OLCC. This is not a question of economic development. Nor is it a question of civil liberties as these people could open a nude dancing place serving lemonade and soft drinks without any purview by Council. The question is are there sufficient licensed outlets already here and is the license demanded by public interest or convenience. The answer is no, because of a 100-year history of disturbances and illegal activity here. The applicant checks out but the environment does not afford the privilege of another license for selling liquor. He said he believes OLCC will support this decision.

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Commissioner Lindberg said this is the wrong location for this particular business, noting that it is in a liquor license impact zone, the first one in the City. Second, the neighborhood is clearly a fragile one where a turnaround is currently underway. He said this operation would set this back, noting the opposition of social service agencies with clients in the area. He said not all businesses think this will be a boon to the neighborhood and he believes there are clear provisions in the Code that substantiate this vote.

Mayor Katz said she is voting aye based on the fact that this is a fragile area with a high crime rate and the financial information is not complete.

Mr. Neill said the vote indicates that any alcohol establishment is in doubt in this area if Council is calling it an impact zone, even an Italian restaurant with a liquor license. He asked if the vote is to state that alcohol is not wanted in this neighborhood.

Commissioner Kafoury said Council will scrutinize every application in the impact areas very carefully.

Commissioner Blumenauer said this is not the place to discuss policy.

Mr. Nelson asked if findings for OLCC were desired.

Commissioner Kafoury said yes, she would like succinct findings of why Council is recommending the denial but they do not have to come back to Council.

Disposition: Unfavorably recommended. (Y-5)

At 4:40 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland


By Cay Kershner
Council Clerk