



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 10TH DAY OF MAY, 1995 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; Harry Auerbach, Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

Agenda Nos. 672 and 684 were pulled from Consent. On a Y-5 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

664 Accept bid of Alliance Corporation for Windmere sanitary sewer for \$2,823,546 (Purchasing Report - Bid 128)

Disposition: Accepted; prepare contract.

665 Accept bid of Brattain International, Inc. for two 18,000 gvw cab and chassis with dump body, tool box and service crane for \$94,624 (Purchasing Report - Bid 134)

Disposition: Accepted; prepare contract.

666 Accept bid of Portland Freightliner, Inc. for two 18,000 gvw cab and chassis with utility service body and hydraulic power source for \$164,250 (Purchasing Report - Bid 135)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

667 Confirm appointment of Ky Holland, Richard Lucetti and Dena Parker to the Private Industry Council (Report)

Disposition: Confirmed.

***668** Contract with Richard Spohn for Urban Services enumeration and canvassing services (Ordinance)

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Disposition: Ordinance No. 168774. (Y-5)

***669** Contract with Stephanie Miles for Urban Services enumeration and canvassing services (Ordinance)

Disposition: Ordinance No. 168775. (Y-5)

***670** Contract with Megann Ratzow for Urban Services enumeration and canvassing services (Ordinance)

Disposition: Ordinance No. 168776. (Y-5)

***671** Extend contract with Intracorp to perform medical bill auditing and other related services for Risk Management Division (Ordinance; amend Contract No. 28658)

Disposition: Ordinance No. 168777. (Y-5)

Commissioner Earl Blumenauer

673 Agreement with the Metro Exposition and Recreation Commission for the installation of banners on street light poles at the Oregon Convention Center (Ordinance)

Disposition: Passed to Second Reading May 17, 1995 at 9:30 a.m.

***674** Authorize a contract and provide for payment for installation of ornamental street lights in the Old Town area (Ordinance)

Disposition: Ordinance No. 168778. (Y-5)

***675** Agreement with Darany & Associates to provide personnel assessment center assistance to the Bureau of Traffic Management (Ordinance)

Disposition: Ordinance No. 168779. (Y-5)

***676** Development Agreement for \$38,215 with Enterprise Development Co. for sidewalk improvements (Ordinance)

Disposition: Ordinance No. 168780. (Y-5)

Commissioner Charlie Hales

***677** Agreement with Multnomah County providing for County funds for Portland/Multnomah Commission on Aging (Ordinance)

Disposition: Ordinance No. 168781. (Y-5)

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***678** Authorize application to the Oregon State Marine Board for a grant in the amount of \$581,000 for repairs to Willamette Park boating dock and parking lot (Ordinance)

Disposition: Ordinance No. 168782. (Y-5)

***679** Execute a Letter of Agreement with Portland Community College for an Emergency Medical Technician basic course at a cost of \$4,800 (Ordinance)

Disposition: Ordinance No. 168783. (Y-5)

680 Authorize extension of lease for Fire Station 17 on Hayden Island (Second Reading Agenda 628)

Disposition: Ordinance No. 168784. (Y-5)

Commissioner Gretchen Kafoury

681 Accept contract with JASCO Construction to perform remodeling of the 3rd and 7th floors of the Portland Building as complete, authorize final payment and release of retainage (Report; Contract No. 29236)

Disposition: Accepted.

***682** Amend Agreement with Oregon Human Development Corporation II by increasing the total amount by \$3,929 and provide for payment (Ordinance; amend Contract No. 29420)

Disposition: Ordinance No. 168785. (Y-5)

***683** Authorize contract with the Bookin Group for preparation of Central City Public Parking Development Plan, not to exceed \$75,000 and provide for payment (Ordinance)

Disposition: Ordinance No. 168786. (Y-5)

***685** Enter into a long-term lease with Boys and Girls Clubs and authorize property line adjustment at Northeast Community Policing facility (Ordinance)

Disposition: Ordinance No. 168787. (Y-5)

***686** Authorize sale of property next to 4126 NE Grand (Ordinance)

Disposition: Ordinance No. 168788. (Y-5)

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Commissioner Mike Lindberg

***687** Agreement with Coastal Adjustment Bureau for collection services for past due utility bills for the Bureaus of Water and Environmental Services and provide for payment (Ordinance)

Disposition: Ordinance No. 168789. (Y-5)

***688** Agreement with Pinnell/Busch, Inc. for \$54,340 to provide construction management services and develop a M/WBE participation plan for the rehabilitation of the Ira Keller Fountain and provide for payment (Ordinance)

Disposition: Ordinance No. 168790. (Y-5)

***689** Agreement with Montgomery Watson for \$41,514 for Phase I to provide professional consulting engineering services to renovate, improve and/or replace existing facilities associated with Screenhouse #2 located at the Bull Run Headworks and provide for payment (Ordinance)

Disposition: Ordinance No. 168791. (Y-5)

City Auditor Barbara Clark

690 Third Quarter FY 94/95 Minority and Women Business Enterprise participation in City contracts (Report)

Disposition: Accepted.

REGULAR AGENDA

***672** Establish one class and one salary rate for Procurement Assistant; establish one Procurement Assistant position in the Bureau of Purchasing in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Referred to Commissioner of Finance and Administration.

***684** Authorize contract and provide payment for Printing & Distribution remodel project (Ordinance)

Discussion: Commissioner Kafoury said she would like to continue this one week to get some additional information.

Disposition: Continued to May 17, 1995 at 9:30 a.m.

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661

TIME CERTAIN: 9:30 AM - Accept the Bureau of Environmental Services Clean River Action Agenda (Report introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said surveys of citizens reveal that their number one environmental concern is clean rivers and streams. Since adoption of the Clean Rivers program in 1990, the Bureau of Environmental Services (BES) has tried to develop a specific action agenda. The one presented today has 36 actions and also speaks to the public's role.

Dean Marriott, Director, Bureau of Environmental Services, said this is a true public involvement effort, similar to the challenge the City faced with recycling. The Agenda specifies action items that seek to send a simple, concise message. The plan includes a stewardship program to involve the community as well as a much more aggressive public information campaign. He said one consistent suggestion they heard was the need for better information about what the City is doing at construction sites and they have tried to provide information that will help people make the connection between sewer improvements and clean rivers. They also hope to add educational exhibits at the wastewater treatment plants. Staff showed examples of radio and television public information announcements as well as posters, signs and other promotional materials.

Joan Saroka, Communications Manager, BES, said this public service campaign gets people to take notice of the rivers and also gives them specific tips about what they can do to keep the rivers clean. She described some of the Bureau's other informational efforts and ideas, including a costumed "Hank Heron."

Commissioner Blumenauer said this could be tied in with other City construction projects and it would be nice to have some unification in terms of graphics and techniques.

Mr. Marriott said they are trying to find sponsors for the grocery bags and other promotions that are in the works.

Commissioner Blumenauer asked about the methods the Bureau is using to get people involved. He stressed the importance of having events that would energize people and bring them together to interact so that they feel they are part of the process. That could mobilize the constituency in surprising ways.

Commissioner Lindberg noted a booklet produced by the Traffic Congress that has drawn national attention.

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Commissioner Blumenauer said 1,000 communities have the same problems Portland has and there is a market for Portland to become a focal point for interaction with these constituencies.

Commissioner Lindberg said they will follow up on those ideas.

Tom O'Keefe, United Community Action Network (UCAN), said action is needed as well as information. He described some of UCAN's accomplishments in cleaning up the river, including the stormwater stencil project. He said quite a few, 40 to 50 corporations, are violating discharge regulations and only being fined a nominal amount. Corporations need to be educated and not allowed to lower water quality standards. He supported the action plan and Commissioner Blumenauer's idea to involve groups of people.

Paulette Rossi, 3710 NE 147th, proposed that BES form a partnership with several Portland high school composition classes and ask them to write letters of understanding regarding the informational materials. By reviewing the students' work, the Bureau could learn what it needs to clarify and could rewrite obscure passages.

Mayor Katz said she thought that was a great idea.

Disposition: Accepted. (Y-5)

662

TIME CERTAIN: 10:00 AM - Support the implementation of Portland's stormwater program and of the City's Federal Clean Water Act stormwater permit (Resolution introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said the Bureau is taking aggressive action to reduce the harmful impact of stormwater that becomes polluted on its path to the nearest waterway. A successful program makes sense both economically and environmentally and many things can be done if the problem is approached holistically.

Dave Kliewer, BES Stormwater Program Manager, said BES is pleased to act as the leader but it will take everyone's coordinated efforts to accomplish this program's goals. He said there are many ways to infuse water quality objectives into City programs but citizen involvement is critical because stormwater is a non-point or diffuse form of pollution. They will start by preventing pollution at its source and only then deal with what cannot be prevented. The emphasis will be on green, non-technical approaches, emulating natural processes rather than overriding them with concrete solutions. The first year of the program is the assessment period, followed by implementation. The program will work in tandem with other important initiatives such as the Combined Sewer Overflow (CSO) and Mid-County sewer programs. An important

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element is compliance with the storm permit developed by the Department of Environmental Quality (DEQ) which recently held a hearing on the draft permit. It should become final in June. More important, however, is that implementation is needed to meet the Clean River commitment to Portland citizens. He noted some amended language provided by the Office of Transportation for Council consideration. These changes make the resolution more consistent with the DEQ permit. He showed slides to illustrate both the problems and potential solutions for handling stormwater runoff from homes and streets. They hope to use a multi-objective approach, incorporating recreational and green spaces on facilities such as the Brookside wetland site on Johnson Creek. They will test many of these ideas and techniques on the NE 122nd Avenue Sub-basin before applying them generally.

Jim Sjulín, Bureau of Parks, said they understand this is a citywide responsibility that also involves Parks, Transportation and the Bureau of General Services. He said the consciousness level about non-point stormwater runoff issues is far higher now both for these bureaus and the community. He cited examples of what Parks is doing.

Doug McCord, Environmental Manager, Office of Transportation, said his office has worked with BES to craft an effective permit program for stormwater discharges. He said this program gives credit to cities like Portland that are ahead of the curve in reducing stormwater pollutants. He noted some of the programs recognized by the permit, such as the Maintenance Bureau's street sweeping program and the City's cooperative erosion control program. This permit program is intended to encourage innovation and focus on the system's performance as a whole. It encourages the connection between air and water quality and between surface and groundwater quality. It also allows the regulated community to determine the most cost-effective way to reduce pollutants and stormwater.

Fred Deis, Bureau of Buildings, said they are particularly interested in stormwater quality controls, which are part of the building permit process. To truly reach the proposed water quality objectives, increased efforts and financial resources will be needed if the Bureau is to meet its responsibilities for investigation, inspection and follow-up.

Mike Ogan, Portland Development Corporation (PDC), said they have worked with BES on this complex and daunting task, approaching stormwater management within a larger community context that involves a multiplicity of players. PDC is happy to be part of that partnership.

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Mr. Kliewer said they will return to Council with progress reports. Commissioner Blumenauer moved the proposed amendments. Commissioner Hales seconded and, hearing no objections, the Mayor so ordered. The Mayor noted these were not substantive amendments that would influence the public testimony.

Mr. (no first name stated) Shepard, 12730 NE Rose Parkway, said stormwater ought to be diverted to treatment plants in East County where the aquifer has retreated instead of being taken to the Columbia Wastewater Treatment plant and then put in the river. This is a valuable resource as there are many years when that water can be used.

Tom O'Keefe, UCAN, said he is supportive of this but has concerns about the use by Parks of herbicides and pesticides. He suggested that they use half as much.

Commissioner Lindberg said efforts are being made to cut pesticide use in Parks.

Commissioner Hales said this helps tell people in the community about what is expected on construction projects.

Disposition: Resolution No. 35391 as amended. (Y-5)

***663**

TIME CERTAIN: 10:30 AM - Authorize downspout disconnection program in sections of the Combined Sewer Overflow area (Ordinance introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg noted that this program was delayed until the drainage discount issue was resolved. He said if this is successful, they hope to include 36,000 households. The amount of stormwater kept out of the system and the amount of money saved by not having to build oversize pipes is incredible, up to \$40 million in the entire CSO program.

Dean Marriott, BES Director, said this has the potential to remove about 20 percent of volume of stormwater from the CSO system and to save between \$30 and \$45 million in capital development costs. Removing roof drain flow from the collection system will allow them to build the equivalent of a two-lane road instead of being forced to build four lanes.

Barbara George, Manager, Downspout Disconnection Program, BES, said they have some major deadlines to meet in the Stipulated Final Order and need approval of this program very quickly in order to meet that schedule. The Bureau has designed a community-based program to begin in portions of six neighborhoods this summer. Because of the

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short time-line they have been working with the Office of Neighborhood Associations to hire community assistance organizers to help implement the program and build a volunteer base of support. They will also work with EnviroCorp, which has chosen this as one of their major summer projects, to collect important flow data. The ordinance addresses major program issues and reimbursement methods. The target area chosen is one where street sumps are to be installed. The target group will be single-family residential properties and at this time the program is voluntary. She described how the payment of \$53 for each of four downspouts was determined and outlined other policies covered in the ordinance. Ms. George said staff will report back in the fall on the results of the summer project and will also add some separate definitions when sewers are installed in St. Johns and Sellwood.

Diane Linn, Director, Office of Neighborhood Associations, said she believes this program has tremendous potential for involving the community in improving the environment and saving rate payers money. It is very important to begin with this phase, as it gives them an opportunity to see what works and what does not with the neighborhoods. They have already talked to the six neighborhoods which are excited about the project.

Jennifer Thompson, coordinator for Envirocorp, a part of Americorp, described the program and some of the projects they have undertaken in the Columbia Slough area. This summer they will hire 16 youth to work with Envirocorp members and will allocate two teams to work on the disconnect project. They will first survey homes and do the field work and will then work with homeowners on the disconnections. They will also have a major role in environmental education.

Commissioner Lindberg asked about the potential for neighborhood associations to develop resources by doing the disconnects.

Ms. Linn said this directs money to neighborhoods that wish to participate which would otherwise be spent on outside contracts.

Commissioner Lindberg said there is the potential down the line for neighborhoods to possibly earn up to \$50,000.

Ms. Linn said the summer program will give them an idea of what generates interest and allow them to explore involving other groups, such as the Boy Scouts.

Tom O'Keefe, UCAN, said they support this and will help get the message out to the public. It is too bad that part of the incentive to disconnect will be taken away when Council phases out the drainage discount program. He said no City has been able to do this on a

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voluntary basis and he hopes this works.

Disposition: Ordinance No. 168792. (Y-5)

Commissioner Earl Blumenauer

691 Consider vacating the east 20 feet of SE 7th Avenue north of SE Division Place at the request of Frank Roberti (Hearing; Report; C-9868)

Disposition: Approved: City Engineer prepare ordinance.

Commissioner Mike Lindberg

692 Request the Mt. Hood National Forest select Alternative B for the Bull Run Lake Environmental Assessment (Resolution)

Discussion: Commissioner Lindberg said the approach recommended here is the same that occurred in the 1993 resolution regarding Bull Run Lake. He said this resolution recommends the selection of Alternative B to the Forest Service. He said they have tried to clearly define the management objectives, including revisiting the management plan annually and using the seasonal supply plan process, which includes extensive public involvement. Alternative B is designed to be flexible and respond to emergencies and changing conditions regarding water supply. Another important management objective is to restrict Lake availability to only one or two years in the first ten. He said he does not think Alternative C is acceptable because it does not provide the necessary flexibility to respond to future uncertainties.

Mike Rosenberger, Director, Water Bureau, said Bull Run is a natural lake which has been enhanced by the Bureau over the last 80 years and has been a part of the water supply since 1915. It can supply about three billion gallons of water by drawing down the top 30 feet, almost 30 percent of the usable water supply maintained in Reservoirs One and Two. In 1992, the City took about 1.3 billion gallons from the Lake. He said Alternative B is environmentally responsible and noted Council's direction that the use of the Lake be a last resort option on the ranked list of seasonal supply options. It ranks after voluntary curtailment and is to be used only in conjunction with mandatory curtailment. He said the annual summer water planning process with Council provides the best forum for making decisions about protection and use of the Lake. He said Alternative B gives them the most flexibility to deal with uncertain water supplies relative to fish and wildlife, and supply and demand. It also puts the Council in charge of making management decisions rather than the Forest Service, enabling a high degree of local control. Public involvement will be sought in the context of the summer

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water supply planning process. Written mitigation and monitoring plans will also be a part of their annual activity.

Duane Robinson, Rockwood Water District, said they considered the alternatives and also recommend Alternative B, although working from a different perspective. They felt restraints beyond Alternative B were unnecessary. He said without the availability of the Lake, the water supply problems in 1992 would have been much worse.

Frank Gearhart, Citizens Interested in Bull Run, said they do not oppose using water from the Lake but are vitally concerned with the Forest Service's proposed mitigation measures in the Lake. These are entirely inappropriate as the Lake is very sensitive to contaminants and could lead to EPA requirements for filtration. He said there is no reason why the Forest Service should be mitigating in this Lake despite their argument that fish must be provided to the eagles. Regarding the permit, he questioned language allowing the public free and unrestricted access. He said rate payers will pay for any mitigation measures and Alternnative B has the highest costs, from \$350,000 to \$600,000. They believe that is entirely inappropriate.

Tom O'Keefe, UCAN, said they are not interested in seeing either the Forest Service or Water Bureau manage this Lake. Let nature manage it. Mitigation and public access are also of concern and they favor Alternative C.

Tom Cropper, Executive Officer, Multnomah Activist Solutions and Limited Liability Co., asked that public entry be prohibited, especially recreational uses. He said some of the mitigation measures suggested, including dike repair and fish habitat and water fowl structures, do not satisfactorily protect water quality. The Forest Service practice of trying to manage the property by selective logging should also be stopped. This will decrease the possibility of leakage, one of the problems mentioned in the resolution.

Donald Cook, 2006 SW Sunset Blvd., 97201, said he is opposed to a 20-year permit, as it puts too much pressure on the Lake. He favored a five-year permit during which time other water resources would come on line. He opposed the mitigation measures, such as adding leaves, or allowing people entry. This could cause the EPA to mandate an expensive filtration system because of the degradation.

Regna Merrit, Oregon Natural Resource Council (ONRC), said this Alternative, which would allow repeated pumpings from the Lake, raises many concerns. The Forest Service has selected Alternatives A and C as its preferences while the Water Quality Advisory Committee has recommended selection of Alternative C. ONRC also supports

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Alternative C with strict guidelines for monitoring any pumping of the Lake. Alternative B does not require refilling the Lake to its "full pool" levels, which could cause severe damage to fish habitat and bald eagles. ONRC requests that base line data be established on species composition within the "literal" zone, which serves as habitat for invertebrates and vertebrates. Regarding statements that the U.S. Fish and Wildlife found that none of the alternatives were likely to adversely affect the bald eagle population, she said that determination was made on varying levels on mitigation. Thus, the more the Lake is drawn down, the more mitigation will be needed and the higher the cost to taxpayers and the graver the threat to the Lake. Alternative B is a "trust us" alternative from the Water Bureau and the Bureau should not be trusted not to suck the Lake down more frequently or rapidly than it should be. Mitigation is a poor substitute for protection and that is why Alternative C is the best choice.

Regarding getting up to "full pool," Commissioner Lindberg asked if it was a City goal, or a requirement, to maintain Lake levels to the "full pool" level at least six out of 20 years.

Janet Senior, Resource Protection Group, Water Bureau, said Alternative B does not include a Forest Service requirement for reaching "full pool" but the resolution includes City goals for reaching "full pool" at least six years out of 20, if not more.

Mr. Rosenberger said that requirement is not in the permit itself and this gets back to the Council management issue. If Council says it wants a "full pool" then that is what it will be. Regarding mitigation costs under Alternative B, he said the cost estimate of \$387,000 to \$657,000 is for a 20-year period and is predicated on the Lake being used a lot. Costs will probably be substantially less, based on actual use. Alternative B and the resolution ensure that there will be annual monitoring plans and reports analyzing the impacts of mitigation. While there is a long list of potential actions, the actions will be phased in and constantly monitored. Regarding the 20-year permit period, Council determined in 1993 that a 20-year permit with five-year reviews was the best choice because of the incredible amount of work that goes into the permit process. He noted that the "trust us" role will be assumed by Council, not the Water Bureau, which will decide annually whether or not the Lake will be a part of the summer supply. Alternative B allows its use but does not make it automatic. He noted that in a few weeks the Bureau will present its summer water supply plan for 1995, which does not include use of the Lake.

Commissioner Hales asked about public access.

Ms. Senior said the permit language referred to was written in the

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1970s and they do not expect the permit written this year to be the same. The Forest Service uses standardized clauses in all its special use permits but restrictions on access could supersede that language.

Commissioner Blumenauer said this has been a very interactive process between Council, the Bureau and citizens. He said Alternative B gives them more leverage to advocate for all those who rely on the resource.

Commissioner Hales said the Bureau has done a very good job over the long run of managing this resource and Alternative B strikes the best balance available.

Commissioner Kafoury said she believes Alternative C is preferable and thinks mandatory controls are needed first before the Lake level is lowered. She voted no.

Commissioner Lindberg said having Council fully involved has been very important. Alternative C could put Bull Run Lake out of use for nine of the next ten years.

Disposition: Resolution No. 35392. (Y-4; N-1, Kafoury)

693

Authorize the Bureau of Water Works to purchase equipment and software for the Automatic Meter Reading Pilot Project in an amount not to exceed \$148,547 from Sensus Technologies, Inc. without advertising for bids (Ordinance)

Discussion: Fred Whitfield, Maintenance Support Director, Water Bureau, explained that they found only one supplier who can meet their water meter reading requirements. He said the field is limited because of the places water meters are often located. He said they propose to do this installation on about 300 meters, a combination of commercial and residential, and test out the technology to see how rapidly and accurately they can read the meters.

Commissioner Blumenauer asked how this differs from what PGE is doing.

Mr. Whitfield said water meters are set in the ground while electric meters are on houses and not subject to the water conditions. There is very little difference in the equipment itself and in the future they hope to share with utilities once the reading is transported from the meter to the computer office system. All the systems they are using now use wireless technology.

Commissioner Blumenauer asked how this is different from the technology PGE is using.

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Mr. Richfield said it is not different, it is simply the location of the meters and available devices, which must meet more severe environmental conditions.

Maggie O. Saling, Project Coordinator, Water Bureau, said they met with PGE several times to see if they could be involved in their project but they had already chosen a vendor who did not have the technology to attach a device to a water meter in a pit. She said the vendor indicated it may have such a device in two years but has nothing available at this time.

Commissioner Blumenauer said he is uncomfortable with making a \$150,000 investment now when in a year or two all the utilities will be doing this in some fashion. He said there should be some way to form a consortium of local utility users to work together.

Commissioner Lindberg said between now and second reading next week there could more discussions.

Mr. Richfield said the real cost of this system lies in the meter and the device attached to it. Once the reading is taken, real sharing can be accomplished.

Commissioner Blumenauer said this is at variance with the direction he would like to see the City go but is happy to continue the conversation over the next week.

Mr. Rosenberger said for the past 10 years, the industry has been telling them they are two years away from this. He said on the East Coast there are water companies whose entire customer base is read on AMR automatically because their water meters are right next to the electric meters in the basement. West Coast utilities with pit meters do not seem to be a priority with the industry. He said as a result of this project they will find out the effectiveness of this technology in rain-soaked Portland. The meters will be placed in places that are hazardous and expensive to read.

Commissioner Lindberg said dozens of hours have been spent trying to figure out why this could not be done by a consortium.

Disposition: Passed to Second Reading May 17, 1995 at 9:30 a.m.

At 11:50 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 10TH DAY OF MAY, 1995 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.

694

TIME CERTAIN: 2:00 PM - Amend the Comprehensive Plan Map designation and zoning for the Kennedy School site from R5ah (High Density Single Dwelling) to CSh (Urban Commercial) (Ordinance introduced by Commissioner Hales)

Discussion: Michael Harrison, Planning Bureau, said at the time of the Albina Community Plan, the Concordia Neighborhood Association requested that rezoning of this site be deferred until the School had been transferred to public ownership and to allow time to study the redevelopment potential. The study was completed in 1994 and over a dozen proposals were considered by a committee of area residents who ultimately recommended a proposal which was approved by the Concordia Neighborhood Association as a whole. He said staff then realized that a zoning change would be necessary to allow redevelopment and decided that storefront commercial zoning would be the best choice, offering the assurance of a transit- and pedestrian-oriented development while providing for a full range of uses. The rezoning supports the Comprehensive Plan, the Albina Community Plan and the Concordia Neighborhood Plan. Although it involves the loss of 37 potential housing units, this is largely negligible because of the net increase in housing opportunities of over 8,000 created within the Albina area. The Portland Development Commission is handling the sale of the property and will submit a redevelopment agreement to Council at a later time. The Planning Commission voted in favor of the rezoning at its April meeting and also recommended consideration of transportation impact mitigation and for an indication of steps to be taken if the agreement is not carried through or the anticipated business does not continue at this location. It recommended that final action on the rezoning not occur until after Council action on the redevelopment agreement, which is in the final stages of completion. He recommended deferring the Second Reading until Council can also consider the redevelopment agreement.

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David Nemo, Portland Development Commission, said they are in the final stages of negotiation on the development agreement. They would like to bring that to Council on May 24.

Ed Washington, Metro Councilor, urged support of this project. While some Planning Commission members have expressed reservations about the quasi-judicial aspects of this process, he believes this project is too important to allow those considerations to prevail. Kennedy School has been vacant for more than 15 years and needs to be integrated back into its rightful place in the neighborhood as a thriving entity.

Other area residents testifying in support included:

Timothy Steeves, 6433 NE 34th, 97211
Eleanor Egelhoff, 6011 NE 32nd Ave., 97211
Ben Walsh, 5513 NE 30th Ave.
Jerome Unterreimer, 3237 NE Prescott, 97211
Seymour Sargeant, 5716 NE 31st Ave., 97211
Ron Fossun, 5533 NE 30th, 97211
Patrick Messinger, 3011 NE Emerson, 97211
Lee Allen, 6115 NE 26th, 97211
Sheila Moran, 5331 NE 30th, 97211
Melissa Darby, 3327 NE Simpson, 97211
Jamie Fenner, 5416 NE 38th Ave., 97211

Proponents stressed their enthusiastic support for the McMenamins' proposal, based on their successful track record in renovating older buildings. They noted that the McMenamins' proposal was the only economically feasible one that did not require substantial public investment. They described the important role this project could have in revitalizing the commercial area and in providing activities which are currently lacking for residents within their own community. Many noted the deteriorating condition of the School and the need to move quickly if the building is to be saved.

Cathy Galbreath, Executive Director, Bosco-Milligan Foundation, a building preservation organization, PO Box 14157, 97204, said her organization normally avoids involvement in the neighborhood process but she decided to speak today because of the importance of the Kennedy School building to the City, not just the neighborhood. She said a decade ago the preservation community battled the Portland School Board to preserve the school and convinced them to surplus this "white elephant." She said last year she served on a committee to evaluate historically significant buildings in the Albina area and it concluded that Kennedy School was among the highest rank. The School has continued to deteriorate over 15 years of vacancy and, given

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their track record in preserving buildings, the McMenamins' proposal for adaptive reuse should be supported.

Kelvin Hall, Chair, Fight the McMenamins Campaign, no address stated, opposed this project because, no matter what it is called, it is a tavern. He asked that the RFP process be opened up again for six months to do an environmental impact statement, not just for the Concordia neighborhood but for the entire Albina district. He said if no other development proposals surface after six months it can be business as usual. He noted he was the lone dissenter at the Neighborhood Association meeting.

Commissioner Kafoury asked what use he would propose.

Mr. Hall said turning this into a community center would provide the greatest good.

Commissioner Blumenauer said during the 15 years this building has been vacant people were begged to come forward with proposals. He asked what is different now.

Mr. Hall said nothing has changed but they have a dialogue with people who say they will come to the table with a development idea if the RFP is opened up for the next six months.

Mayor Katz asked how it would be financed.

Mr. Hall said a business owner has indicated that his group will dialogue with the City about financing an acquisition and renovation project.

Commissioner Blumenauer, in voting aye, said he appreciates the hard work of the Concordia neighborhood and believes this will be a building block for Northeast Portland and actually help solve traffic problems on NE 33rd by giving Concordia residents fewer reasons to travel out of their neighborhood.

Commissioner Kafoury said she feels responsible for this building coming to the City, noting when it did there were many exciting ideas for its use but, because there was not a dime to do anything, nothing happened. She noted what the McMenamins have accomplished with Edgefield and said this will be a marvelous addition to Concordia.

Commissioner Hales thanked those who worked on this winning proposal. He said while he believes in community centers, community gathering places do not necessarily have to be public facilities.

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Commissioner Lindberg said this seems like a small miracle and congratulated the neighborhood residents who stuck with this for such a long time.

Mayor Katz said redevelopment of Northeast Portland is her top priority and things are beginning to happen here. She added that it is a very positive sign when private development makes a decision to invest in a neighborhood.

Disposition: Passed to Second Reading May 24, 1995 at 2:00 p.m.

Commissioner Mike Lindberg

695

Amend Title 17 of the City Code to eliminate the Drainage Fee Discount Program (Second Reading Agenda 614; amend Chapter 17.36)

Discussion: Doug Morgan, Public Utilities Review Board (PURB) Chair, said PURB reviewed Council's preferred alternative against its nine criteria, treating this as a mitigation option that would reduce the impact of eliminating the discount. He said PURB sought a solution that would be accountable not only to the 10,000 discount holders but to the 130,000 who are subsidizing them. PURB concluded that the discount holders should be given some compensation but not so large that the others would feel unfair advantage had been taken of them. He said the evaluation shows there is not a large difference between their proposal and Council's, except for some increase in administrative costs. This perhaps provides some greater equity but at the expense of public acceptance by those who pick up the cost to subsidize the additional costs for continuing this over 3-1/2 years. PURB also questioned whether at the end of that time when there would be flat elimination of the discount, the City would not find itself once again facing issues of public acceptance, making it worse than it is at the moment.

Commissioner Lindberg said he knows that at its last meeting PURB discussed its role in getting public input. Some PURB members were quite disappointed that Council overturned its recommendation after they spent dozens of hours on this. He questioned whether neighbors who seek a different direction should be given equal weight to PURB, which is widely representative. He suggested a work session between Council and PURB in the future.

Mr. Morgan said he did not sense there was disappointment among PURB members about Council's recommendation. The disappointment was that a course of action would be started and they would not be allowed to review all the other alternatives that are proposed and might

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even be adopted. Committee members wanted to reach closure in the review, not regarding the recommendation.

Commissioner Hales said these committees are created to advise Council's policy decisions but Council is not delegating its formal accountability for City policy, because it cannot.

Paulette Rossi, PURB member, said several members will be suggesting some by-law changes, particularly regarding the role of the Executive Committee. Politicians should not substitute a committee's recommendations for its own decision making and Council was right to hear the testimony of those affected by the drainage policy. PURB's work was one link in the decision-making process, as was public involvement.

Mayor Katz thanked PURB for all its work on this, noting that some people questioned whether it was a representative group. In appointing the members, Council took special care to make sure that representatives of the entire community were selected. She also thanked the community most impacted for sharing its concerns. While Council might not agree with all PURB's recommendations, it is pretty close. The cost of phasing-out versus the one-time payment was equivalent. She said no one can say what will happen 3-1/2 years from now but it is fair to say the program will come to an end.

Ms. Rossi noted that BES will be coming back with other proposals in the meantime so perhaps things will not be so bad in 3-1/2 years.

Mayor Katz asked when BES will return with a recommendation for setting an equitable rate throughout the City.

Dean Marriott, Director, BES, said this proposal will end the discount program for current holders in 42 months. It also commits the Bureau to return no later than one year from now with a more equitable way, if one can be found, for funding drainage services. He said he attended the PURB meeting last week, noting that the Council's recommendation did add some cost over its original recommendation. He said if Council wanted to equalize the cost between the two, it could shave two months off the phase-out period and the cost would then be almost exactly equal.

Mayor Katz said if Council wishes to revisit that subject, it can. She said her only recommendation is that the City do more community outreach in developing a methodology where the cost-benefit analysis makes some sense.

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Mr. Marriott said they will immediately communicate to discount holders what decision has been made and will also look at alternatives to this system for funding drainage, involving as many stakeholders as possible, so that in six months they can return with a recommendation.

Commissioner Blumenauer said he hopes they do not see more cases like this, where City policies have to be changed because of changing circumstances on the State and national level. He said his major concern with the original proposal was that it could severely impact people who had relied on this program and he appreciates the work that was done to fix that situation.

Commissioner Kafoury said she believes the original proposal by PURB was far superior although she is happy about the addition of an appeals process. It would be better to end the discount program now and move on to other important environmental issues. She voted no.

Commissioner Lindberg voted yes as he believes Council did make some improvements.

Mayor Katz thanked PURB for setting the foundation on this and added that the real work will be to figure out how to deal with this issue equitably throughout the entire community.

Disposition: Ordinance No. 168793 as amended. (Y-4; N-1, Kafoury)

At 3:15 p.m., the regular Council meeting was adjourned.

Mayor Katz adjourned the regular meeting and reconvened Council as the Budget Committee to reconsider the tax levy to be incorporated into the FY 1995-96 budget. She said she had been discussing with Tim Grewe, Director of Financial Planning, what it means to the City to come out of compression in relation to the other governmental entities, particularly Multnomah County, and what the options are. Council needs to act on these before the budget is presented to the Tax Supervising and Conservation Commission.

Tim Grewe, Director of Financial Planning, said they had indicated earlier the likelihood that the City might come out of compression during the next fiscal year. Coming out of compression means that the consolidated government tax rate falls below the \$10 limit imposed by Ballot Measure No. 5. That creates levy capacity and allows a jurisdiction to take action to increase property taxes back up to the \$10 limit.

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Commissioner Blumenauer said the City has levied less than it is authorized to do under the tax increment collection.

Mr. Grewe said when Measure 5 passed the City ceased its tax increment collection and has absorbed \$8 million of annual debt service on existing urban renewal debt into the General Fund. As a result of that, tax rates went down in the City. He said there is plenty of uncertainty, particularly at the State legislature, which could keep the City from coming out of compression next year. He noted a similar step had been taken when a statewide vote was held on tax increment funding. The Council certified a tax increment collection but final certification was delayed until after the vote. When the measure was defeated, they did not go ahead as it would have taken money away from basic services. State Revenue office staff have indicated that Council can reexamine the amount of the tax increment collection at a later date. Two options are proposed. He noted the longstanding City agreement with Multnomah County that they will not exceed each other's share of the property tax pot. He said they believe this will continue to be a sound policy as the City comes out of compression. The first option is to levy the full amount available, \$2.5 million, and then meet with Multnomah County to discuss the use of their share of the levy capacity for a priority of importance to both. The second option would be to levy only the City's share, about 60 percent, allowing the other entities to take their own proposals to the voters. If assessed value comes in at nine percent next year, that would allow a \$2.5 million levying capacity overall for other governments and the City's share would be about \$1.5 million. Council needs to decide if it wants to include the tax increment collection amount in the approved budget and, if it does, whether it wishes to go forward with the full tax levy amount, or just the City's share.

Mayor Katz noted that County Chair Stein had indicated a preference for levying the full amount. She asked Mr. Grewe his opinion.

Mr. Grewe said that would give the City the most options. If Council decides it does not want to do that it will have through September to direct the City to collect a lesser amount. Council can move forward with the full levy amount now and, when they have the actual assessed value figures, could then direct collection of a lesser amount.

Commissioner Blumenauer said another issue is how to appropriately characterize this to the public. He said it is not "found" money and they do not want to confuse the public or cause problems with the other governmental partners in terms of what they choose to do with the money.

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Commissioner Hales agreed and added that it has to be carefully explained that the City is using existing levying capacity that was there already for tax increment financing. Council will then meet with the County to make sure that there is a shared objective, which they all believe is housing. He said most people will find this reasonable.

Mayor Katz agreed and said she thinks they can put as much as possible into the Housing Trust Fund and still allow a conversation with the County. She stressed the need for that discussion, noting that the County is undergoing a discussion about the juvenile facility levy and other needs, as well as an interest in housing. She said Option 1 will take care of that.

Mr. Grewe said Option 1 is the full levy capacity amount but does not specifically reference housing as the intended purpose.

Mayor Katz said by levying the \$2.5 million, the City could put its share in the housing trust fund, as has been discussed, and then hold a conversation with the County about using the remaining share for a mutually acceptable priority.

Mayor Katz noted that everyone feels comfortable about that. She said Commissioner Blumenauer has an amendment.

Commissioner Blumenauer proposed an additional FY95-96 Budget Note. (It states that the City dedicate its portion of money collected to programs to house families who make less than the City's median income.) He said the City is currently eating an \$8 million cost that has taken money away from other City priorities, such as housing. He said in advocating to the County that its share be used for housing, it should be stressed that this money comes from Portland taxpayers, from the old tax increment financing levy, not from Gresham or Wood Village. He said this is a moral issue and he would not feel comfortable in having the County go off and spend its share anyway it wanted.

Commissioner Kafoury said it is important to carry that message to County Chair Stein. She said she has not yet found a satisfactory way to discuss who goes out for levies so that everyone does not rush out at the same time. The County is clearly going to go out for corrections money. It should be stressed that this is money the City has been paying out of the General Fund and was within its capacity.

Mayor Katz said this conversation ought to be with the entire Commission.

Commissioner Blumenauer moved his budget note. Commissioner Kafoury seconded.

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Mr. Grewe suggested incorporating Commissioner Blumenauer's budget note into the language in support of Option 1. He said he will include the entire motion as a budget note so everything is crystal clear. Council agreed and roll was called on the motion. (Y-5)

At 3:35 p.m., the Mayor adjourned the Budget Committee.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner
By Cay Kershner
Clerk of the Council