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CITY OF  
**PORTLAND, OREGON**

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**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 16TH DAY OF AUGUST, 1995 AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Harry Auerbach, Deputy City Attorney; and Officer Joe Mitchem, Sergeant at Arms.

Vicky Glenzer and John Trachtenberg, representing the Regional Drug Initiative, presented nine awards to individuals in recognition of their work in promoting drug free workplaces.

**REGULAR AGENDA**

**1348** Accept bid of Contractors, Inc. for water pollution control laboratory site preparation for \$437,000 (Purchasing Report - Bid 3)

**Disposition:** Accepted; prepare contract. (Y-3)

**1349** Accept bids of Walsh & Sons Trucking Co., Ltd. for \$580,000 and of Woodco for \$200,000 for furnishing annual supply of sawdust for the Bureau of Environmental Services Wastewater Treatment Plant (Purchasing Report - Bid 6-A)

**Disposition:** Accepted; prepare contracts. (Y-3)

**1350** Vacate a certain portion of NE Meadow Drive west of NE 13th Avenue, under certain conditions (Ordinance by Order of Council; C-9860)

**Disposition:** Passed to Second Reading August 23, 1995 at 9:30 a.m.

**1351** Vacate a certain portion of SW Taylors Ferry Road at SW 40th Avenue, under certain conditions (Ordinance by Order of Council; C-9885)

**Disposition:** Passed to Second Reading August 23, 1995 at 9:30 a.m.

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**Commissioner Charlie Hales**

**1352** Accept completion of Washington Park irrigation, authorize payment to Cedar Landscape, Inc. for \$5,055 and release retainage (Report; Contract No. 29441)

**Disposition:** Accepted.

**1353** Contract with Trauma Intervention Programs, Inc. for crisis intervention training for \$48,000 (Second Reading Agenda 1293; waive City Code 5.68)

**Disposition:** Ordinance No. 169188. (Y-3)

**City Auditor Barbara Clark**

**1354** Assess benefitted property for the costs of street, storm sewer and water system improvements within the SW 50th/Marigold Local Improvement District (Second Reading Agenda 1270; C-9805)

**Disposition:** Ordinance No. 169189. (Y-3)

At 9:40 a.m., Council recessed.

**AUGUST 16, 1995**

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 16TH DAY OF AUGUST, 1995 AT 2:00 P.M.

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

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

### **REGULAR AGENDA**

#### **Commissioner Gretchen Kafoury**

**1355**

Liquor license application for Montego's L.L.C., dba Montego's, 15826 SE Division Street, retail malt beverage liquor license (renewal); favorable with letter of warning recommendation (Report)

**Discussion:** John Werneken, Bureau of Licenses, said the Bureau has been concerned for some time about liquor-related disturbances in this area, although more seem to have occurred at The Bank rather than Montego's. At this time there is no record of violations from the OLCC or the Police Bureau to indicate that these particular premises have been associated with problems in the area. However, the Bureau is concerned with Gerald Wilson's failure to make a full and complete disclosure of prior substance abuse problems and that is why the Chief of Police recommended against renewal. Mr. Wilson has since filed a complete and accurate application and assured City staff that he would be part of an improved era at this establishment. On the basis of the record, there is reason for concern, but no reason for license refusal. The letter of warning indicates that further disturbances, if associated with these premises, will not be tolerated.

Mayor Katz asked if that meant the license could be yanked at any time.

Mr. Werneken said yes, if the disturbances are found to be a threat to public safety. If they are found to be a threat to neighborhood livability, several disturbances would need to be documented to the OLCC first.

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Police Officer Larry Sievert, Drug and Vice Division, reviewed a liquor-related incident activity report for the 159th and Division area. He said it is hard to narrow down exactly which establishment the activity came from. He said this area was not annexed to the City until July, 1994 so there are few activity records prior to that date.

Gerald Wilson, co-applicant, described purchase of the property, followed by termination of the prior lease for the Four Aces Tavern. He said they knew there were prior problems but believe they should be judged only on what has happened since they took over, on January 27, 1995. He said they believe they can turn this around and have worked closely with the OLCC and with Dennis Brown, manager of a nearby apartment complex, to do so. He said the his failure to report the diversion was due to the discrepancy between Oregon and California disclosure laws and was done on the advice of his attorney.

Dennis Brown, Manager, Eaton Village Apartments, 2550 SE 159th Ave., 97236, said the apartment complex has suffered from higher than normal vacancies because of the disturbances caused by customers of the nude dancing establishments. He said what has been created in this location is a nude bar district and it is impossible to distinguish between customers of Montego's and The Bank because they are right next to each other.

Mayor Katz asked about the percentage of food sold compared to liquor sales.

Mr. Werneken said beer licensees are not required to report their food percentages. He said when the present ownership applied for a change of ownership, the Bureau had no record of complaints about Montego's. Since that time the complaints have primarily concerned the location and The Bank, not Montego's. However, in March the Bureau refused to endorse the original application if Mr. Wilson remained part of the company as it was unable to resolve concerns about the way he addressed his background. Since then staff has been waiting to see if a record would develop as to whether Montego's was better, worse or unchanged compared to the Four Aces. During that period, the only calls have been from Montego's management to the Police asking them to remove unwanted patrons. Both the License and Police Bureaus want the licensees to do that. Thus the record at this time does not support a refusal but because of the collection of complaints about the vicinity and documented police calls it justifies a strong letter of warning. He said Mr. Wilson's explanation of how he addressed the City's questions about prior arrests and convictions was based on the advice of his attorney. The Police Chief noted an additional concern about the information contained on the OLCC form concerning an

applicant's participation in diversion and treatment. Mr. Wilson originally related only one instance while the revised form relates two.

**Disposition:** Favorably recommended with letter of warning. (Y-3)

1356

Liquor license application for The Bank, Division Branch, Inc., dba The Bank, Division Branch, 15920 SE Division Street, dispenser Class A liquor license (renewal); unfavorable recommendation (Report)

**Discussion:** Mr. Werneken said the Bureau recommendation for The Bank is unfavorable as police records show this outlet to be associated with far more disturbances than the neighboring establishments. The Bureau's first and most troubling concern is that The Bank has not lived up to the extensive promises it made when it originally applied for a license under Multnomah County jurisdiction. These concerned the class of entertainment to be offered, the emphasis on food service and extent to which the operation would be managed as a restaurant, not "just another nudie-bar." Mr. Werneken said it is indeed more than "just another nudie-bar" and may well have been a center of serious criminal activity as well, including alleged incidents of rape by members of the corporation or employees.

Mr. Werneken said OLCC investigators have had extensive contacts with operators of The Bank, repeatedly warning them of lewd activity and the need to provide food service. Despite this, The Bank has been held to violate liquor laws by allowing lewd activity on the premises and there have been additional complaints since then. The OLCC is also investigating a charge of potential misrepresentation because The Bank reported that the sale of food made up 31 percent of its total sales when it appears that the actual percentage is 16 percent. For all these reasons, both the License and Police Bureaus believe this license should not be renewed.

Officer Sievert said his police activity report indicates a lot of fights have occurred in the parking lot as well as over service. Some of the alleged acts, i.e. the alleged rapes by some of the dancers, are quite serious. Detectives tried to develop three cases but the victims were not cooperative.

Joe Zockert, President, The Bank, Division Branch, 15920 SE Division, challenged many of the alleged activities in the OLCC report, noting that some were drastically reduced after being contested. He said he was totally unaware of the rape or threats that have been alleged and said there has been no documentation. He asked why the charges were not pursued if they were true. Regarding the food percentage, he said they did propose a 60 percent food service and the OLCC did an audit during the time they were putting the business together. He said when

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he figured the food percentage, he got a conservative figure of 31 percent. Other adult entertainment establishments in the Portland area and the State are at 25 percent or below. He said to date they have never received a report on the OLCC findings, other than a phone call stating that they came up with 16 percent. He said he would like to see that report so he can refute those findings. The OLCC should aid licensees, something they have totally failed to do for The Bank, Division Branch. He said calls to the Police when someone creates a disturbance after being refused service are the proper response. He concluded by stating that very few if any of the allegations originated at The Bank, Division Branch. He said he has been in the liquor business for 15 years and has had a spotless record up to now.

Mark Cohns, current manager, The Bank, Division Branch, 2918 Raymond Street, Forest Grove, said when he became manager in April, 1995 it was with the idea of making good on some of the guarantees that had been given. He said 60 percent food percentage is pretty high unless you are Burger King and that projection may have been naive. Thirty percent would be high. He said his priorities were to increase food sales, clean up the atmosphere and have a CPA take over the books. Great strides have been made but there is a lot yet to be addressed. He said a letter of warning would be fair.

Joe Sheirbon, part owner, 4296 Summit Rd., Hood River, 97031, said a major management reorganization has been going on here since March as is shown by having a non-share holder general manager and certified accountant.

Dennis Brown, manager of the Eaton Village Apartments, said the initial license procedure was unusual in that the correct neighborhood association was not contacted. He said Randy Leonard, their State Representative, wrote a letter opposing this licensee but the OLCC ignored that. He said area residents were told that if this establishment had a liquor license it could be better regulated but the promises made have not been kept and the neighborhood suffers as a result.

Commissioner Blumenauer said the record is dismal and the neighborhood should not have to put up with this.

Mayor Katz said a liquor license is a privilege, not a right. This is a lewd operation and not what the community was led to expect.

**Disposition:** Unfavorably recommended. (Y-3)

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At 2:53 p.m., Council adjourned.

**BARBARA CLARK**  
Auditor of the City of Portland

*Cay Kershner*  
By Cay Kershner  
Clerk of the Council