



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 27TH DAY OF MARCH, 1996 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.

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

CONSENT AGENDA - NO DISCUSSION

- 423** Award contract for furnishing 11 compact 4x4 sport utility trucks to Courtesy Ford for a total of \$244,935 (Amend Purchasing Report - Bid 67)
- Disposition:** Accepted; prepare contract.
- 424** Accept bid of Shaw West Electrical Contractors for emergency standby generator system for \$113,700 (Purchasing Report - Bid 99)
- Disposition:** Accepted; prepare contract.
- 425** Accept bid of James W. Fowler Co. for southwest supply main improvements for \$1,814,953 (Purchasing Report - Bid 105)
- Disposition:** Accepted; prepare contract.
- 426** Reject all bids for Duniway Park improvements (Purchasing Report - Bid 110)
- Disposition:** Accepted.
- 427** Accept bid of Meng-Hannan Construction Co., Inc. for Normandale Park renovation for \$186,000 (Purchasing Report - Bid 111)
- Disposition:** Accepted; prepare contract.

MARCH 27, 1996

428 Accept bid of Davis Landscape Nursery, Inc. for Bloomington Park improvements for \$131,150 (Purchasing Report - Bid 112)

Disposition: Accepted; prepare contract.

429 Accept bid of Creative Pipe for furnishing 45 bicycle lockers for \$44,775 (Purchasing Report - Bid 114)

Disposition: Accepted; prepare contract.

430 Accept bid of Portland Motorcycle Co., Inc. for furnishing seven police motorcycles for \$66,416 (Purchasing Report - Bid 125)

Disposition: Accepted; prepare contract.

431 Accept bid of Copenhagen Utilities & Construction for NE Portland sewer extension for \$131,822 (Purchasing Report - Bid 126)

Disposition: Accepted; prepare contract.

432 Accept bid of CSR-Associated for furnishing 84" Class 4 reinforced concrete pipe for \$137,593 (Purchasing Report - Bid 129)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

***433** Amend agreement with Dr. Howard L. Deitch, Northwest Assessment Center, to increase compensation by \$25,000 (Ordinance; amend Contract No. 28895)

Disposition: Ordinance No. 169898. (Y-5)

***434** Authorize the Purchasing Agent to sign a Purchase Order as a contract with Software AG for annual software maintenance (Ordinance)

Disposition: Ordinance No. 169899. (Y-5)

Commissioner Earl Blumenauer

435 Set hearing date, 9:30 a.m., Wednesday, April 24, 1996, to vacate NE Halsey Street between NE 3rd Avenue and NE Martin Luther King Jr. Boulevard (Report; Petition; C-9838)

Disposition: Adopted. (Y-5)

MARCH 27, 1996

436 Set hearing date, 9:30 a.m., Wednesday, April 24, 1996, to vacate portions of NE Irving Street, NE 47th and 52nd Avenues (Report; Petition; C-9904)

Disposition: Adopted. (Y-5)

***437** Waive the formal bidding process and authorize the Purchasing Agent to receive quotes and sign a contract for the removal of slide debris (Ordinance)

Disposition: Ordinance No. 169900. (Y-5)

Commissioner Charlie Hales

438 Accept donation of \$10,000 to the Fire Bureau from Portland General Electric (Ordinance)

Disposition: Passed to Second Reading April 3, 1996 at 9:30 a.m.

439 Contract with Shaw West Co. for emergency standby generator systems for five fire stations at a cost of \$113,700 (Ordinance)

Disposition: Passed to Second Reading April 3, 1996 at 9:30 a.m.

***440** Authorize acceptance of a 25-foot recreational trail easement on the Columbia South Shore Slough (Ordinance)

Disposition: Ordinance No. 169901. (Y-5)

***441** Contract with MIG, Inc. for \$28,000 to provide planning services for the assessment of open space and recreation needs in the River District (Ordinance)

Disposition: Ordinance No. 169902. (Y-5)

***442** Apply to the Retirement Research Foundation for a \$186,215 grant to fund Subsidized Housing Ombudsman/Mediation Program (Ordinance)

Disposition: Ordinance No. 169903. (Y-5)

443 Authorize acceptance of a conservation easement and donation of land to the City as part of Forest Park (Second Reading Agenda 403)

Disposition: Ordinance No. 169904. (Y-5)

MARCH 27, 1996

Commissioner Gretchen Kafoury

***444** Adopt the State of Oregon, 1996 Editions of the Structural Specialty Code, Mechanical Specialty Code, One and Two Family Dwelling Specialty Code and Plumbing Specialty Code (Ordinance; amend Titles 24, 25, 26, 27 and 32)

Disposition: Ordinance No. 169905. (Y-5)

***445** Increase contract for consulting services with Bentley Engineering Co. for Kerby garage renovation for \$13,197 (Ordinance; amend Contract No. 28844)

Disposition: Ordinance No. 169906. (Y-5)

***446** Contract with the City of Gresham to implement activities under the HOME Investment Partnership Program and provide for payment (Ordinance)

Disposition: Ordinance No. 169907. (Y-5)

***447** Contract with ROSE Community Development Corporation for \$90,000 to establish a fund for the purpose of developing housing for low and moderate income homebuyers and provide for payment (Ordinance)

Disposition: Ordinance No. 169908. (Y-5)

***448** Contract with Hacienda Community Development Corporation for \$30,000 to support affordable housing development and provide for payment (Ordinance)

Disposition: Ordinance No. 169909. (Y-5)

***449** Increase Agreement with Portland Development Commission to administer housing and economic development programs that primarily benefit low and moderate income residents to \$13,805,070 and provide for payment (Ordinance; amend Contract No. 30085)

Disposition: Ordinance No. 169910. (Y-5)

Commissioner Mike Lindberg

***450** Authorize the Purchasing Agent to sign a Purchase Order as a contract with The Bag Connection in the estimated amount of \$54,975 without advertising for bids and provide for payment (Ordinance)

MARCH 27, 1996

Disposition: Ordinance No. 169911. (Y-5)

***451** Call for bids on the manufacture and supply of 60-65 and 35-40 gallon universal roll cart containers (Ordinance)

Disposition: Ordinance No. 169912. (Y-5)

***452** Authorize a contract and provide for payment for construction of the corrosion control treatment facility (Ordinance)

Disposition: Ordinance No. 169913. (Y-5)

***453** Authorize the purchase of furniture and accessories through a Washington County contract for a total of approximately \$95,000 and provide for payment (Ordinance)

Disposition: Ordinance No. 169914. (Y-5)

420 **TIME CERTAIN: 9:30 AM** - Present status report on the Combined Sewer Overflow program (Report introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said this had been filed in error and the comprehensive review of the Combined Sewer Overflow program will come later, within the next 30 days. Instead, he asked that Agenda Item 455, one element of that program, be considered in its place.

Disposition: Withdrawn.

455 Accept the Columbia Slough Consolidation Conduit Preliminary Engineering Report (Resolution)

Discussion: Dean Marriott, Bureau of Environmental Services (BES), said this \$74 million dollar project involves building a conduit 3-1/2 miles long and will take 2-1/2 years to build. He described the scope and timing of the project, noting that the objective is to make the Slough a safe place for people to use and fish. He said while it will never be restored to its predevelopment state, BES does want to get rid of the sewage and take care of the polluted sediments. The conduit will intercept sewage and eliminate CSO discharges into the Slough.

Ted Kyle, BES, discussed the routing, scheduling and cost of the conduit. He said by providing space to store storm flows, the conduit will reduce the need for larger treatment plants. He said staff looked at 25 possible sites for the pipe and decided that this route was the

MARCH 27, 1996

least difficult and disruptive. Part will be done with tunneling and part with the traditional trenching method.

Commissioner Lindberg said the Cornerstone projects have been an attempt to avoid the need for big pipes by using downspouts and other innovative ways to capture water.

Mr. Kyle said the peak flow would be more than double without the Cornerstone projects and would have required a much larger pipe.

Commissioner Lindberg noted that the big pipes are expensive projects and that the bureau will reEvaluate and try to avoid the need for them.

Mayor Katz asked what could go wrong with this project.

Mr. Kyle said if they hit something during construction that stops the project or find contamination the project will be delayed. They are trying to find out as much as possible before it begins and also have a plan to deal with problems that arise.

Commissioner Lindberg said tunneling is an advancement over trenching if the soils are right.

Mr. Kyle said the soil on the tunnel route is all sand and clay, not rock. Their aim is to avoid having to go above ground.

Commissioner Lindberg asked what steps were being taken to reduce the estimated \$74 million cost.

Mr. Kyle said money will be saved if the tunnel can be built in the railroad area and will benefit both the railroads and the City.

Don Barney, Barney and Worth, manager of the CSO public involvement program, described the citizen involvement process and the community benefit opportunities. He introduced citizen and staff members of the steering committee that has been working on this project. He said during its first year committee members focused on efforts to reach as many people as possible about the alignment decision. Because this will have a big impact, whether it is open-cut or tunneling, on traffic, noise, etc., they wanted to give those affected as much advance notice as possible. Since the beginning of 1996, the focus has been on community benefit opportunities for this project. The committee identified criteria for those amenities, including their potential for high use, enhanced community livability and linkages to other Transportation or Parks projects. One focus area is the open space around N. Columbia and Argyle Way, where the committee is

MARCH 27, 1996

considering building an earthen berm to help reduce noise. The other focus area is Farragut Park, where the committee is working with Parks on the possibility of placing public art work there.

Commissioner Lindberg asked if art fits in better there than something like playgrounds. Or is this what the community wanted?

Mr. Barney said that was the committee's idea and now it needs to work with Parks to see how this fits into its improvements program. It may be possible to integrate some of the construction material into the art in a functional way.

Commissioner Lindberg asked if the art idea is being pursued because it fits in with the criteria or because that it is the highest priority of the neighborhood.

Mr. Barney said the idea came from the neighbors themselves. They are trying to use excavated soil and other leftover materials to connect to other public projects. They are also trying to fit in with neighborhood plans and minimize long-term maintenance costs. The estimated cost of the first benefit would be \$800,000, minus the \$300,000 in savings that would be achieved by not having to haul material away. They estimate that the community benefits would add \$1 to \$1.5 million to the cost of the project, which is under two percent of the total construction cost. He said it would helpful if this committee could get some guidance from Council as to whether the approaches they have taken are appropriate.

Commissioner Lindberg said the question is whether this proposal is a healthy amenity package. He noted that Council had adopted a multi-objective policy and also asked BES to return and discuss the individual projects. Eventually the Council is going to say yes or no. He asked if the canoe launch was part of the targeted \$1.5 million.

Mr. Barney said no, but that could be incorporated in the total list. He said they identified, and Council confirmed, the idea that some amenities would grow directly out of the construction and would be part of the project's cost. There were other types of amenities that would require partnerships with public agencies or the community in order to accomplish. The projects he has been talking about today, the earthen berm and sidewalk connection, would be integrated into the project.

Commissioner Lindberg said other objectives for the Slough are to make it a recreational resource so there would need to be a canoe launch and parking. The question is whether that objective can be met at the same time this project is being done. Will Council have

MARCH 27, 1996

to say it wants to spend more than the \$1.5 million to get that?

Mr. Barney said up to this point those items are part of the project. The sidewalk in the open space area would not literally connect to the Peninsula Crossing Trail. There would still be a gap of about 1/4 mile. That may need to be identified for outside help to achieve. What they are trying to do is keep the cost down but move towards connections to other public projects and community plans for these areas.

Mayor Katz said what she hears Commissioner Lindberg saying is that the amenities ought to be provided to the Slough itself so the public can see itself why the City is doing this project to begin with. She asked what the amenities would cost without the project. How much is being saved because they are tied to this CSO project?

Mr. Barney said the main saving is the cost of hauling away the materials, estimated at around \$300,000.

Commissioner Blumenauer said if the City did not add these amenities, it would add \$300,000 to the project cost and there would be a somewhat cleaner Slough but it would not make that much difference to the neighborhood. He said the collaborative process with citizens done here would be expensive to replicate if all these pieces -- parks, traffic mitigation, etc. -- were not tied together. He said it is entirely appropriate to provide community enhancements when doing such projects. He said it might make sense to invest a little more if the City is going to get so much benefit out of it. He noted the huge investment in the citizen infrastructure here and said building on that energy and enthusiasm is very important. He said he would like a better sense of what the investment would be for the other bureaus.

Mr. Barney said the citizen members of the Steering Committee have been extremely helpful in leavening community enthusiasm and yet making sure the ratepayers are getting their money's worth.

Mayor Katz said the committee needs to build on the amenities but still ask itself if the rate payers would be comfortable paying for them. If the answer to both is yes, then you have a winner.

Mr. Marriott asked Council if it thought the \$1.5 million was fair. Is BES on the right course?

Commissioner Blumenauer said that is definitely in the ball park.

Mayor Katz said the issue is what are you providing the community

MARCH 27, 1996

that the rate payers are paying for. The dollar amount is within the ball park but what will they see when the project is finished to make them say this was really worth it.

Commissioner Lindberg said if over \$100 million is being spent to clean up the Slough so that it can become a recreational resource, then spending a few extra thousand so people can get access or launch a canoe seems to make sense.

Commissioner Blumenauer said many of these things are a part of the longer-term vision of what the City is going to provide to the citizens of North Portland. This does not really represent what the cost savings would be over 20 years to do things the citizens want and deserve.

Mr. Marriott noted that BES will return shortly with another similar project for Tanner Creek.

Mayor Katz said the focus should be kept on the Columbia Slough as a place where in 10 years people can swim and eat the fish they catch without risk. She does not want to miss opportunities here.

Mr. Barney said the citizen committee members are very dedicated to doing that.

Commissioner Hales asked what the effect of this recommended location would have on the outfalls. What happens to those ten outfalls after the project is completed and is that outcome changed by the choice of these conduit routes?

Mr. Kyle said the outcome will not change by changing the route. All the outfalls would stay in place because they serve storm water north of Columbia Blvd. Only storm water would be in them. Studies indicate the conduit would act like a big manifold, capturing all the flow. The conduit is being designed so that it would have to be completely full before any overflow would occur. The first overflow would occur at the outfall closest to the plant and then begin marching upstream if necessary. Three of the outfalls will be disconnected from the combined sewer system and the others will be available in case of really bad storms.

Commissioner Hales asked if an interceptor would be needed to treat stormwater if new regulations are imposed in the next 10 years. He said he is worried about a "pave the street, dig it up again" scenario here.

Mr. Marriott said he would never advise that. He said the goal is to

MARCH 27, 1996

help people manage stormwater on site. At least along Columbia Boulevard stormwater only will be collected and sent to the Slough.

Commissioner Lindberg said interesting questions are raised if, in one part of the City, people are required to remove 80 percent of the sediment but, in another part, it is all sent to the Slough. However, he does not believe another treatment plant for stormwater will be required as EPA appears to be moving towards more reasonable solutions, rather than imposing multi-billion dollar requirements for treatment of all the stormwater.

Mr. Marriott said that is why it is really up to the City to determine what kind of best management practices it wants to implement. For now, he does not foresee treating stormwater here.

Commissioner Hales said there seems to be a disconnect between the design process and the community benefit opportunities that are being weighed. He asked if there were any plans to integrate with the amenities planned for this pipe with those planned for the Inverness pipeline project. There should not be trails to nowhere.

Mr. Barney said the point about linkages addresses that.

Pam Arden, Steering Committee member, said the tradeoff on the Inverness pipeline was to build the 40-mile loop trail from Denver Avenue to the wastewater treatment plant trail at North Portland Road, instead of having trails go through the Portland International Raceway and Heron Lakes Golf Course. That will connect with the Peninsula Crossing Trail. She said she appreciates the comments about the canoe launches and other amenities along the Slough.

Tom O'Keefe, United Community Action Network, said this project overlooks the fact that the downspout disconnect program is creating a lot of new habitat for the it'sy bitsy spider.

Mayor Katz said the message here is "It's the Slough, stupid," and it is clear that in 10 years this will be a jewel in North Portland. The time and money spent to get there is well worth it.

Disposition: Resolution No. 35504. (Y-5)

421

TIME CERTAIN: 10:30 AM - Adopt a local economic investment policy (Resolution introduced by Mayor Katz)

Discussion: Mark Clemmons, Portland Development Commission (PDC), said 83 percent of those surveyed said tax incentives were important or very important in making location decisions. He said

MARCH 27, 1996

the formation of strategic alliances is very important as is industry leadership, strong marketing and other factors, all of which contribute to a strong economy. He said this policy is very responsive to the formation of private/public partnerships and meets many of the objectives for corporate responsibility that are being talked about nationally right now. He said 75 percent of Metro residents surveyed support incentives for targeted areas of high unemployment and for small businesses. He said this policy is also tied to Prosperous Portland and Future Focus goals and objectives. It sets the framework for determining incentives and outlines the operating principles, which include setting standards and performance checks.

Christopher Juniper, PDC, co-manager of the Enterprise Zone program, said the City's development efforts in inner Northeast Portland are far from complete as the 1990 census shows that area had per capita income 42 percent below that of the Metro area. Median household income was 36 percent below and the poverty rate was approximately triple that of the Metro area. The unemployment rate has consistently been about double the Metro average and a higher percentage of residents are not even part of the labor force. Inner Northeast residents also need access to nearby jobs to overcome transit challenges. He said one path for advancement is with growing companies with 25 or more employees. The Enterprise Zones will primarily affect those companies directly. The other path is through small businesses and suppliers that serve those larger companies. Those have been linked into the Enterprise Zone program to maximize the impact. Over the first nine years of the program, about 2,600 jobs have been generated, 1,100 with companies that are recipients of tax exemptions and 1,500 with companies that are pre-certified and will receive exemptions in the near future. He described a typical project for the Enterprise Zone. Thirteen of the 15 Enterprise Zone users to date have been expanding Portland Metro area companies and throughout the first 10 years no jobs have been moved into the Enterprise Zone from outside the Metro area. He said the strategy has been designed to maximize the effect of the investments on the people of Northeast. He described the goals, which include reducing the number of unemployed residents, increasing per capita income, linking residents with quality jobs, increasing the health of small businesses and achieving the highest rate of return possible from the City's investment of exempted taxes. He said they have clear performance objectives and company requirements, including limits on the investment the City will make per hire and provisions for payback if the company's projections are not met. He said actual performance will be used to measure the results and linkages to small businesses and First Source agreements will be required.

MARCH 27, 1996

Mayor Katz asked if the new Enterprise Zone regulations now require linkages to small businesses and suppliers within the target area.

Mr. Juniper said yes. They are also looking at job quality minimums regarding wages, benefits and advancement opportunities and will continue to collaborate closely with other affected governments and the citizens. He outlined the State's Enterprise Zone regulations, noting that the City increased the State wage level requirement for 70 percent of jobs at no less than 150 percent of minimum wage to 85 percent. They also have requirements regarding benefits and job advancement potential. He said the Enterprise Zone program is a tax-base exemption program rather than a tax revenue exemption program because the City is at the maximum of what can be collected at this time. He noted a memo from the School Board stating that any such exemptions would not affect local school taxes and asking for discussions about such a zone in Outer Southeast. He said the strategy and continuation of the program is strongly supported by the Columbia Corridor Association, the North/Northeast Business Association, the Northeast Economic Development Alliance and the Port of Portland. The second agenda item asks Council to authorize the City to apply for redesignation as a sponsor of the Enterprise Zone from the Oregon Economic Development Department. He described the boundaries of the proposed zone, pointing out changes from the current Zone. If approved, it will give them about 7,500 acres with 150 acres that can be added on a case-by-case basis. He cited a letter of support from the Port of Portland.

Commissioner Kafoury noted that an emergency clause had been added to the resolution. Commissioner Blumenauer moved to remove it and, hearing no objections, the Mayor so ordered.

Dick Tracy, Audit Manager, described the audit his office conducted of the Enterprise Zones and of eight companies that received incentives. He said they found two areas that needed improvement and recommend that PDC develop better documentation and monitoring. These are especially important because more stringent requirements have been added and more work is needed on cost benefits.

Mayor Katz said such tracking is very time consuming and expensive but is essential to determine if the City is getting what it thinks it is getting.

Jim Harper, Human Resources Director, Wacker Siltronics, strongly supported this partnership with the City. He noted the partnerships Wacker has with Portland Community College and the Portland

MARCH 27, 1996

Public Schools for education and training. He described the successful results of the training program that has been initiated at Benson High School.

Jennie Portis, North/Northeast Economic Alliance, said a crucial issue for the Alliance is the retention of jobs, not just the initial hire rate. It also wants to see opportunities for upwards mobility, not just entry level jobs. Also needed are ongoing support services such as child care, housing and transportation. She said the Alliance is working with local vendors in the community to tie suppliers into the loop as well. Finally, there is a need to focus on the community's training capacity and to provide basic skills development to keep pace with the new jobs.

Commissioner Lindberg asked if she wanted to keep the tax incentive piece.

Ms. Portis said yes, she does and so does the Alliance.

Bill Resnick, Jobs for Justice, said the City should end policies which foster malignant growth and make the City richer but its residents poorer. He said Council should refuse to accept the Enterprise Zone policy because it attracts only low income jobs. He said Wacker is a good example and said Council should compare its pay levels here with those it pays in Germany. He said more jobs also mean more people come here, creating more congestion and shifting the tax burden to lower-income residents. He said this policy also causes polarization of income. He cited the PamCorp case and said when one firm gets a tax break then others ask for similar concessions, which leads to a race to the bottom. He cited a Portland State University study, as well as one by the Office of Finance and Administration, which concluded that such incentives do nothing for the City. He asked Council to direct PDC to redo the policy based on the creation of family-wage jobs.

Commissioner Lindberg said all the community organizations in the area not only support this policy but claim that the Enterprise Zones have created real jobs.

Mr. Resnick said they do create new jobs but draw more people to low wage positions. The whole policy reduces wage levels for working people.

Commissioner Lindberg noted that the average hourly wage is \$10, which does not sound bad for people who did not have jobs before.

Commissioner Blumenauer said, in the case of Nabisco, there is no

MARCH 27, 1996

question that the wages are higher than entry level but these are not new jobs. He said when the City gave Nabisco the tax break to modernize its plant, the result was that the factory stayed open but there was a cut in the number of jobs. Including the Nabisco jobs drives up the average and results in mixing apples and oranges.

Tom O'Keefe, United Community Action Network, said schools lose a lot of money in property taxes when businesses are given tax breaks. He questioned why businesses should be asking for handouts and said they should do the right thing without them.

Bill Leigh, Northeast Business Alliance, supported the policy, particularly the portion which calls for increased support of small businesses.

Bill Lohman, Port of Portland, said this policy has been useful in attracting businesses to the Port terminals. He said earlier they had some misgivings about adding more conditions to accomplish an already complicated set of objectives but are now eating crow as they have proved workable.

Commissioner Blumenauer said he is skeptical about the broad application of this and stressed the need to distinguish between new jobs and job retention.

Commissioner Kafoury said the growing gap between the rich and poor is of great concern to her. She disagrees with the principle of tax breaks but this is a much better program now and she will support it because of the emphasis on higher level jobs and on retention.

Commissioner Lindberg noted the targeted nature of this policy to North/Northeast Portland because of the problems that exist there. He said there is a lot of debate about the statistics and the real results but after talking with people in the area he is convinced the programs do deliver and that this is something the City needs to do.

Mayor Katz said it would be nice if business did the right thing without incentives but this does not happen. She said what is new in this policy is that the goalposts have been moved a little higher. The recommendations regarding better tracking of the results are critical. The City also needs to articulate this policy clearly to the community and consider creating Enterprise Zones elsewhere, perhaps in Outer Southeast, although it would require a change in the current State law.

Disposition: Resolution No. 35505 as amended. (Y-5)

MARCH 27, 1996

422 Adopt North/Northeast Portland Enterprise Zone investment strategy and apply for zone redesignation (Resolution introduced by Mayor Katz)

Disposition: Resolution No. 35506 as amended. (Y-5)

REGULAR AGENDA

Mayor Vera Katz

***454** Amend the City Code regarding eligibility for the payment of overtime (Ordinance; amend Section 4.12.040)

Disposition: Continued to April 3, 1996 at 9:30 a.m.

Commissioner Mike Lindberg

S-*456 Authorize the Mayor to submit a proposal to the Urban Consortium Energy Task Force for a technology transfer grant of \$25,000 for the project "How to Calculate and Report the Benefits of Investing in a Community Lifestyle Campaign to Save Energy and Resources" (Previous Agenda 412)

Discussion: Commissioner Lindberg moved the substitute and, hearing no objections, the Mayor so ordered. He said the Task Force wants to develop a model program in the City to show how energy savings can reduce infrastructure costs.

Disposition: Substitute Ordinance No. 169915. (Y-5)

City Auditor Barbara Clark

457 Assess property for sewer system development contracts of the Mid-County sewer project for the period ending February 26, 1996 and non Mid-County for the period ending February 26, 1996 (Previous Agenda 417)

Discussion: Dan Vizzini, Auditor's Office, said one remonstrance was filed by a property owner who wanted access to the savings window and claimed he never received notice of the assessment. He said Bureau of Environmental Services staff can document six separate mailings plus phone calls to the property owners. Both BES and the Auditor's Office believe the City's efforts were sufficient and recommend that the remonstrance be overruled.

MARCH 27, 1996

Commissioner Hales moved that the remonstrance be overruled.

Disposition: Remonstrance overruled. Passed to Second Reading
April 3, 1996 at 9:30 a.m.

At 11:53 a.m., Council recessed.

MARCH 27, 1996

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 27TH DAY OF MARCH, 1996 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; Mike Holstun, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

REGULAR AGENDA

Commissioner Charlie Hales

460 Amend Title 33 of the City Code relating to the Columbia South Shore Plan District (Second Reading Agenda 357)

Discussion: David Knowles, Planning Bureau Director, said agreement has been reached with the affected business owners on the proposed Code amendments to this and the following ordinances. He pledged that the Bureau will promptly process all applications that would be vested under the current regulations and which are submitted up to September 1, the effective date of the new regulations.

Anne Nickel, Columbia Corridor Association, said they were able to reach an acceptable agreement and would like to ask for the addition of an emergency clause because developers want to be assured the vesting rights are in place and they can proceed.

Mayor Katz asked what had been agreed to.

Mr. Knowles said the Planning Commission's recommendation of a 20,000 square-foot cap to limit destination retail in an employment area has been raised to 25,000. Second, the approval criterion for the percentage of business attributable to the local plan district has been lowered from 75 to 50 percent.

Michael Holstun, Senior Deputy City Attorney, said the Columbia Corridor Association is requesting an emergency clause only on the following agenda item, No. 461. He said he has provided language for that amendment.

Disposition: Ordinance No. 169916. (Y-5)

MARCH 27, 1996

***461** Amend Title 33 of the City Code relating to Administration and Enforcement (Ordinance; amend Title 33)

Discussion: Commissioner Hales moved the addition of the emergency clause and it was so ordered. He congratulated the Bureau for getting to yes on this and said this will still accomplish the City's goal in a way that is workable for the property owners.

Disposition: Ordinance No. 169917 as amended. (Y-5)

462 Grant appeal of Denise Shaw, applicant, against Hearings Officer's decision of denial and approve application with conditions for a six-lot cluster subdivision at 12528 SE Bush Street (Findings; 95-00264 SU)

Discussion: Al Burns, Planning Bureau, said the findings dated March 27 respond to the testimony received and reference the Hearings Officer findings. Commissioner Hales moved their adoption. Commissioner Lindberg seconded.

Disposition: Findings Adopted. (Y-5)

458 **TIME CERTAIN: 2:00 PM** - Adopt Cultural Resources Protection Plan for Columbia South Shore (Ordinance introduced by Commissioner Hales; amend Comprehensive Plan, Title 33 and zoning maps)

Discussion: Bob Glascock, Planning Bureau staff, said this represents a collaborative effort that addresses the State Goal 5 periodic review requirements relating to cultural areas. He said as early as 1984 environmental concerns were raised when Multnomah County alerted staff that Indian use sites might be present in the areas to be annexed in Columbia South Shore. In July, 1993, when the development standards for the Columbia South Shore were brought to Council, some tribal governments and other interested parties urged further review. The City then agreed to do two things: 1) conduct an inventory and analysis and then prepare a protection plan that met Goal 5 standards; and 2) develop some interim measures to protect known cultural resource sites. As a result of the latter, the Columbia Corridor Association and the Grand Ronde tribe signed a private agreement to guide decision making on areas not yet tested archaeologically. Through that plan, a consultant team was hired, headed by an archaeological firm, and the tribes were also consulted about sites in the area. Commissioner Hales appointed a Cultural Resources Advisory Committee for the project with three tribal government representatives, three business representatives and one neighborhood representative. Those involved found that Goal 5 was not well suited to deal with cultural resources that are not easily

MARCH 27, 1996

inventoried and raise the potential for looting if disclosed. A process, however, was established to make the information available to those affected on an "as needed basis." The Goal 5 recommendations call for an inventory, an analysis of conflicting uses and a program. Mr. Glascock described what an applicant would do to meet those requirements prior to development, leading to issuance of a zoning confirmation letter, if no cultural resources are found, stating that the City requirement for cultural resources does not apply. The standards call for avoiding any burial sites but offer more options for other resources, including capping or private agreements with tribes. A major concern was to allow flexibility in those agreements and not create a land-use review that revealed sites or prescribed design standards that fit all situations. He noted that they are removing an existing land-use review, the one Multnomah County had prior to annexation, and have tried to target the development standards to fit the resource. He cited letters of support from the three members of the Technical Advisory Committee and from three City bureaus. He asked that the record be left open to accept a letter of support from the Policy Advisory Committee.

Kathryn Harrison, Vice Chair, Grand Ronde Tribal Council, described the importance to her people of protecting their cultural identity and the need for confidentiality to protect identified sites from being looted. She noted the special significance they assign to the protection of burial sites and stressed the importance of establishing the sensitivity areas. She said this is not a perfect agreement but the Tribal Council is willing to accept it and go forward in good faith.

Grant Waheneka, Chair, Cultural and Heritage Committee, Warm Springs Tribes, noted that a number of sacred tribal sites in this area had been described by Captain Meares in 1788. He described the way of life of those who lived along the South Shore and stressed the importance of these sites, particularly where cemeteries are found, to his people and the need to protect them. He cited two properties, C and D, which he felt needed to be protected.

Mayor Katz asked if the results of any findings made on these sites will be made known.

Mr. Glascock said there are two properties currently undergoing confirmation testing and an archaeological report has been received on one but not the second. The Planning Bureau sent information on the testing to the three tribes and has asked for their written comments by April 11. This follows through on what the Planning Commission recommended for the Code changes and the adoption of this plan lays the groundwork for implementing the consultation with the tribes' component.

MARCH 27, 1996

Ed Goodman, Cultural Resources Advisory Committee member for the Grand Ronde Tribes, said this plan was developed over a lengthy and difficult two-year process and the result, while far from perfect from the tribes' perspective, represents a balance of interests and is a compromise for all, providing certainty for the development community while still protecting the cultural resources so critical to the tribes. The Advisory Committee has forwarded a letter urging adoption as is, without further tweaking or changes. The Plan takes three approaches that are unique. First, the designated sensitivity areas would be recognized as places for more testing because one is more likely to find traces of the native culture. Some argue that sensitivity areas should be removed after confirmation testing indicates that there are no resources in those areas. Unfortunately, that would eventually develop a map guiding looters and vandals. Therefore, it is best to leave the sensitivity markings in place as this recognizes the importance of the land to the native people and to provide full confidentiality. The Plan also calls for transition areas around cultural resources where limited activities would be permitted. The transition areas would be 100 feet around burial sites and 50 feet around other types. This reflects the fact that archaeology is an inexact science. Finally, the Plan also recognizes that the way these areas were used as sacred and traditional use sites are as important as archaeological artifacts. The Planning Commission added this provision to the Code after taking public testimony from the tribes.

Olivia Wallallatum, read a letter from Louis Pitt, Jr., Cultural Resources Advisory Committee member for the Warm Springs Tribes, indicating support of the proposed protection plan. She said there is always the possibility of finding human remains anywhere along the Columbia River and this concerns her.

Anne Nickel, Columbia Corridor Association, said this is an excellent model for collaboration. The Association is not 100 percent happy with the compromise but it is workable.

Art Spada, 13635 NE Clackamas, 97230, Columbia South Shore property owner, said the Plan is extremely protective of cultural resources. He noted that he was the first landowner in the Slough area to enter into an agreement with the Grande Ronde Indians and has allowed extensive testing on his property. To date, no archaeological sites have been found to exist there. He objected to inclusion of his property within the City's proposed Sensitivity Area I. as there is no data to support a determination that it is a "significant" cultural resource. He said inclusion of this portion of his property will reduce its sales potential. He also asked for a draft of a zoning confirmation letter and requested that a sentence be

MARCH 27, 1996

added to the Code calling for issuance of a zoning confirmation letter within 10 working days after submittal of written documentation by a property owner.

Mayor Katz asked for clarification of this request.

Mr. Glascock said they are trying to clarify the status of the archaeological testing on the Spada property. The Cultural Resources Advisory Committee also discussed this in terms of the map that would be shown with "in holdings" -- sensitivity areas that have been tested but no cultural resources found. The concern has been raised that if you start removing the shading from individual ownerships you "swiss cheese" the area so that the remaining areas become identified as cultural resource sites. Pretty soon you have a map that leads looters to them. He said the report tries to make clear that for the purposes of Goal 5, it is the individual resources that are subject to regulation. But for planning purposes a more generalized area needs to be shown.

Mayor Katz asked about Mr. Spada's request for a zoning confirmation letter from the Planning Bureau.

Mr. Glascock said they were concerned about issuing a zoning confirmation letter in advance of Council's action in case Council made changes to the plan. Regarding Mr. Spada's request to have it done within a ten-day turnaround period, he said that consultation with the tribes is called for and he is concerned that the clock would start on the 10 days without benefit of a review by the tribes.

Mayor Katz asked if they could allow a certain amount of time for comment but not delay it for weeks and weeks.

Mr. Glascock said he could send notice to the tribes after an archaeologist has been hired and the clock could start fairly early on. If it is done through the State archaeological permit system, which does provide notice to the tribes, the time line can be reduced. However, there is no state requirement for a permit in situations that need to be checked out but where there is no identified resource. In those cases the Planning Bureau has been sending them to the tribes, asking for comment.

Lawrence Watters, Columbia River Gorge Commission, said this plan is an effective process and creates a model for others even though not everyone got what they wanted.

Doug MacCourt, Office of Transportation and Cultural Resources Advisory Committee, said this was an incredible process and thanked

MARCH 27, 1996

Mr. Glascock and the tribal members for educating them as to how to make cultural resource protection work.

Mayor Katz asked what made this such a positive experience.

Mr. MacCourt said Mr. Glascock had incredible patience and the committee never closed its mind to any angles. A third element, the spiritual, was added to the economic and environmental concerns and perhaps that served to diminish an adversarial approach.

Judith Bayshore Alef, member of the Technical Advisory Committee, said over the two years and 20 months spent on this Plan, the members found this process has contributed to a more meaningful understanding about the importance of cultural sites to the tribes.

David Ellis, Association of Oregon Archaeologists, encouraged staff to look into the use of Transfer of Development Rights (TDRs) to protect resources. He noted that the State is now rewriting Goal 5 and encouraged the City to take an active role in that process. He said the Columbia South Shore Plan could be a good model for the rest of the State.

Melissa Darby, 2327 NE Simpson, archaeologist, said this is not a perfect plan but one she can support. She distributed wapato plants to each Council member.

Mr. Glascock referenced the Zoning Confirmation letter requested by Mr. Spada. He said he believes the Planning Bureau could issue such a letter in draft form and will work with the City Attorney on its preparation. He said the Bureau continues to comment on Goal 5 which LCDC is currently rewriting and if Council wishes to add anything regarding cultural resources he would be happy to pass that along. As for investigating cultural resources in the rest of the City he said perhaps that could be tied in as part of the community planning process. At a minimum, they would check to see if there are areas with a number of recorded sites and work with the archeological community and tribal governments to see if more should be done.

Commissioner Hales said the intangible things that happened as part of this collaborative effort may be the most important lesson here. State law calls for doing a comprehensive plan and the City has now done that. This is something to celebrate. It has given property owners a road map for how to deal with cultural resources, balanced with the need for their protection, and he is pleased that this level of accord was reached on a very difficult issue.

MARCH 27, 1996

Disposition: Passed to Second Reading April 3, 1996 at 9:30 a.m.

***459**

Adopt fees for review of cultural resources (Ordinance; amend fee schedule for land use reviews, planning services and hearings)

Disposition: Continued to April 3, 1996 at 9:30 a.m.

At 3:35 p.m., Council recessed.

MARCH 28, 1996

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 28TH DAY OF MARCH, 1996 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; Michael Holstun, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

463

TIME CERTAIN: 2:00 PM - Amend Title 33, Planning and Zoning, to update regulations pertaining to the protection of Portland's Historic Resources (Ordinance introduced by Commissioner Hales; amend Title 33)

Discussion: Michael Harrison, Planning Bureau, said they are bringing to Council today the unanimous recommendation of the Landmarks and Planning Commission for amendments to the zoning code to protect historic resources in the City.

Deborah Gruenfeld, Chair, Portland Landmarks Commission, said this is the result of hours of public testimony and compromises to clarify the Code and develop a proactive educational program for historic resources.

Rick Michaelson, President, Portland Planning Commission, said these updated regulations reflect changes in federal tax law and State regulations. They also focus more attention on the neighborhoods, rather than just the Central City, calling for a somewhat different approach to preservation. Just preserving the jewels of the community is not enough to make neighborhoods strong places. He said one of the most important changes is introduction of a series of incentives to encourage preservation and development goals. The Commission examined a great many incentives and is comfortable that those being recommended today not only encourage preservation but strengthen other City policies as well. He believes strong historic preservation programs help create a sense of place, allowing people to connect with the past. In the late 1970s and early 1980s, the Historic Preservation program was a driving force for development downtown and many Class B and C office buildings were preserved because of that program. At that time Portland probably had the leading program in the country. Times have changed and he sees these regulations as the first step in making Portland once again the leading center of historic preservation.

MARCH 28, 1996

Mayor Katz asked for a review of the changes.

Mr. Harrison said four intense reviews have been held on these regulations and many issues of concern have been resolved. He said there are two principle recommendations: 1) amend the zoning code to remove inconsistencies, reconcile City regulations with new State law and redefine the role of the Landmarks Commission; and 2) authorize the Bureau to apply to have Portland designated as a certified local government by the State Historic Preservation Office and the Secretary of Interior. That will give Portland the local responsibility for reviewing the design and designating which properties are listed on the National Register of Historic Places. He said they had been hesitant to seek that designation as it entails more work but the State's new administrative rules now require that work in any case.

Mr. Harrison said these regulations reflect a shift to a voluntary preservation system. He noted that Portland had a successful voluntary program from 1975-1991 which resulted in the designation of 500 local landmarks and four historic districts. Later changes in state law required a mandatory program which allowed the City to impose a designation on a property whether the owner was willing or not. That has been changed and the State now requires either a program limited to the designation of properties where the owner has given consent or one focused on properties listed on the National Register of Historic Places. Mr. Harrison said incentives are built into this proposal in addition to State and federal tax inducements. They primarily relate to land use and have to do with streamlining reviews, broadening allowed uses or permitting higher density. The incentives will help further other City goals, such as promoting infill development. Demolition review and denial were major issues of controversy and the recommendation here is to remove the demolition review requirement except for properties on the National Register of Historic Places and those where property owners have voluntarily taken advantage of one of the incentives for historic preservation. In exchange for access to the incentives, property owners must agree to demolition review and, potentially, demolition denial. The demolition delay process has also been amended to lift the demolition delay process on about 1,400 properties that had been determined earlier to be of no historic significance. Another recommendation is that non-significant buildings in historic districts be exempted from the demolition delay process.

Mr. Harrison said the proposal contains two types of historic designation -- two types for landmarks and two types for districts. A conservation designation has been added for both landmarks and districts. The historic designation is for historic resources which are

MARCH 28, 1996

of citywide and statewide or national significance. The conservation designation is for properties or areas which are of significance in the City or just within a neighborhood. These designations carry a lesser burden of responsibility for the owners but such designations do tend to attract investment and appreciation. The current design review process will apply to historic designations while the supplemental compatibility standards process will be used for conservation designations, giving the owner the option of complying with quantitative standards and proceeding without delay directly to a building permit or going through the design review process. The Kings Hill Historic District, which was approved by Council based on citizen participation, is not in effect locally because it does not have adopted design guidelines. The new Code provisions establish design guidelines for historic resources that are not in districts and this will also work well with districts like Kings Hill. Mr. Harrison added that the neighborhood contact requirement, a part of the supplemental compatibility standards, is working well, leading to a useful exchange of information by both the developer and the neighborhood. Over all, the recommendations lift a cloud of review from a large number of properties, bring the City into compliance with state law and move to a primarily voluntary system. He said in 1989 staff contacted all owners of the 96 properties with a Rank One historic designation to see if they would voluntarily consent to the designation and over 60 did. That demonstrates that the City can have a strong voluntary program.

Commissioner Kafoury asked if the "paint police" are in or out of the new regulations. She asked if the Mayor's dress would pass.

Mr. Harrison said of course because the question is whether the color is in character.

Mr. Michaelson said the color of the Mayor's dress would certainly pass in San Francisco.

Mr. Harrison said with two exceptions, the City is not becoming involved in paint color. He said it is very difficult to enforce items which do not require a permit and these regulations try to stay away from enforcement after the fact. However, properties on the National Register of Historic Places are required to be reviewed for color and historic properties where the exterior is of significance, such as brick buildings, are being identified and staff will try to protect those from being painted.

Al Staehli, architect, 317 SE 62nd Ave., 97215, read portions of a letter from the Committee on Historic Resources. It supported the recommended changes on the whole but said the ordinance seemed

MARCH 28, 1996

unnecessarily complicated and could be made more user-friendly. The primary concern, however, is with provision of a mechanism to enable the Landmarks Commission to apply the demolition denial process for all properties in the landmarks inventory, irrespective of national register or Portland historic landmark status or use of preservation incentives. Mr. Staehli said the City should maintain its right to demolition review on properties where an historic designation has not yet been made or even when the owner has not consented to that designation. Without that, properties will fall through the cracks. The committee also recommends adding public properties, such as schools, fire stations and parks, to the historic landmark inventory. A quashed National Register of Historic Places nomination for the Simon Benson fountains should be forwarded to the State Historic Preservation Office as soon as possible. Finally, the Planning Bureau should be provided with the resources needed to move forward with the community planning process and an update of the historic inventory.

Commissioner Hales asked if adding the public properties would be a separate process.

Mr. Staehli said City bureaus, such as the Parks Bureau, have often objected to national historic nominations in the past. In many instances, storm-damaged park structures, lighting standards, etc. are demolished or inappropriately replaced without a hearing. The City should recognize their significance before they are lost.

Dale MacHuffie, Property Manager, ESCO Corporation, 2141 NW 25th Ave., said they strongly support this proposal, especially removal of the historic landmarks exception from the local service standard for conditional uses in industrial zones. This closes a significant loophole in the industrial sanctuaries. However, Code Subsection 33.140.100.(b)(4) also needs to be changed and there should be no commercial use for historic structures in industrial sanctuaries.

Michael Holstun, Senior Deputy City Attorney, said the change to that Section would be a change in content.

Steve Rogers, representing Sustainable Urban Neighbors, PO Box 12735, 97212, objected to the provisions allowing recognition of historic landmarks advisory committees. He said that perpetuates a hybrid system of citizen involvement and works against the recognized neighborhood association system. He said that provision was apparently added to grandfather in existing historic landmarks advisory boards that are unable to reach accommodation with the neighborhood associations in which they reside. It also raises issues

MARCH 28, 1996

about public meetings and notifications law. He said this sets up a two-class system with the potential for increased elitism and parallel special interest groups. He said the City should stick with the already established neighborhood groups.

Henry Oseran, ESCO, 2455 NW Marshall, 97209, supported the proposal, particularly the provision which allows the Landmarks Commission to initiate review of an existing historic designation. This corrects a previous failing in the Code as shown last year when the City Attorney ruled that the City could not review its own historic landmark designations without first getting permission from the property owners. He also applauded the addition of the new Code section setting standards for the Landmarks Commission to initiate review if it receives significant information not considered at the time of the resources designation. Finally, the amendment relating to conditional uses in industrial areas removes an exemption that had been detrimental to the industrial community. This change will help preserve the City's industrial job base without jeopardizing historic preservation.

Peter Meijer, 720 NW Front Ave., 97209, said the proposal should be revised to permit the Planning Director to initiate demolition review of properties with a conservation designation. Otherwise the City is removing its ability to review these properties and discouraging a review of alternative uses. This could result in demolition before viable alternatives could be presented.

Julie Salamon Greene, 6326 NE Mallory, 97211, said a broader range of incentives is needed since they are the only tools one has under a voluntary program. She said she is glad to see them extended to conservation landmarks and districts and also approves of automatically making national register properties and historic landmarks subject to demolition review and potentially, demolition denial. She asked Council to reconsider elimination of design review for the alteration of doors and windows, especially on historic landmarks. Finally, the inventory should also be carefully monitored to track what is occurring with these properties.

Cathy Galbreath, Director, Bosco Milligan Foundation, PO Box 14157, 97214, endorsed the two-tier designation system giving conservation status to many inner city buildings which have been neglected and where historic information is minimal. Regarding demolition delay, she is not sure what the end result of this proposal will be as there are still a lot of unanswered questions about the meaning of Senate Bill 588. She said the purpose of demolition delay is to allow the public to consider alternatives and current staffing limitations and concerted efforts by some to avoid public hearings

MARCH 28, 1996

compound the problem. She too called for adding more creative incentives.

David Bissett, Historic Preservation League of Oregon, read the League's letter of support. It calls for requiring consultations with the neighborhood association, historic advisory committee and affected property owners in cases where commercial and multi-family use of an historic resource is proposed. It also recommends formation of an historic preservation work group, under the auspices of the Landmarks Commission, to discuss additional incentives, partnership opportunities and other measures that could be taken to protect historic resources. Finally, they recommend that, given limited staff, the focus be more on the nomination of historic districts than on individual properties.

Charlotte Uris, Irvington Neighborhood Association, said both historic and conservation properties are of value to the whole City and not just the neighborhoods. She asked for the addition of a provision to allow a neighborhood association to request landmark designation for a property. Irvington also requests that all significant alterations to structures in an historic district be subject to review, not just items requiring a permit, as the neighborhood believes that removal of front porches or siding should not be exempt from review. They also ask for deletion of the proposed subsection J in 33.445.230 regarding the exemption from review of alterations to the sides of conservation landmarks. However, they understand that has been corrected. Finally, they request that neighborhood contact be required on all development in conservation districts, not just for new developments of three or more units.

Bob Starke, Associate Director of the LDS Institute of Religion, 1012 SW Market, expressed concern about the extremely deteriorated condition of an historic landmark property adjacent to the Institute and across the street from Portland State University. He said they are experiencing increased incidents of vandalism, fires and gang activity. He said the building owner told him the problem results from the difficulty in removing the landmarks status or allowing alternative use. He said the building has been boarded up for several years and the City should either allow an alternative use or demolish it because it is a true safety hazard. At this point it may not be cost effective to fix it up.

Mr. Harrison said this building (the Benson House) is within the Central City and one incentive in the proposal is to allow 100 percent business/commercial use for historic landmarks through a land-use review process. The building owner has urged the inclusion of this incentive and it their hope that he, and others in similar situations,

MARCH 28, 1996

will take advantage of this and possibly also the transfer of development rights. The Code also contains language that allows the City to require demolition of dangerous structures. He noted that this building has been deteriorating for a dozen years or more.

Commissioner Blumenauer asked if there are intermediate sanctions that could be used when people who do not live up to their neighborhood responsibilities.

Mr. Harrison said the Landmarks Commission has been talking to the Bureau of Buildings about what might be done legally. Anyone taking advantage of the incentives must file a restoration program with the City which ultimately becomes the conditions of approval on the property. Then the City can use its zoning enforcement mechanisms. Also, the State Historic Preservation Office has the ability to revoke the property tax exemption, which he believes it has done in this case.

Commissioner Blumenauer said a property owner should not be able to have it both ways, particularly on an extraordinarily valuable site. The community should have some way to take action and remove the profit for the owner as such cases end up costing everyone a lot of money.

Commissioner Hales asked if the existing nuisance regulations apply here.

Ms. Gruenfeld said the Bureau of Buildings condemned this building because it was in such bad shape. The property owner will not repair it, contending that he cannot get financing to fix it up because of the zoning situation. She said the Commission and the neighborhood is very frustrated about getting him to comply and at a loss about what to do.

Commissioner Kafoury said the City cannot condemn historic properties.

Mayor Katz said the City could condemn it and purchase it.

Commissioner Blumenauer said the City should not reward this kind of behavior. He said sanctions should be enforced against the property owner to pay for restoration.

Mr. Michaelson said the Nuisance Division can fine up to \$500 per day for violations.

Ms. Gruenfeld said the fear is that the owner will demolish the

MARCH 28, 1996

building. It will take at least \$500,000 to restore it now.

Commissioner Blumenauer suggested crafting a mechanism for such extraordinary circumstances to recapture the value.

Mr. Michaelson said the City does have the tools to require an owner to bring a building up to stable standards. The tools could perhaps be applied better.

Commissioner Blumenauer asked if the City could get a small group together to see if something can be done.

Ms. Gruenfeld said she would glad to do that. Commissioner Kafoury said she would help too.

Mayor Katz asked if the owner would sell it.

Ms. Gruenfeld said he professes a very sincere attachment to the property but ...

Commissioner Hales said the building is very marginal now and if the City waits any longer, it will be gone.

Mr. Harrison reviewed the nine amendment requests. He said both the Landmarks and Planning Commissions believe that requiring demolition review for all properties in the historic resource inventory or allowing the Planning Director to initiate review on conservation landmarks, as recommended by Mr. Staehli and Mr. Meijer, is counterproductive since the City cannot designate a property as an historic landmark without the owner's consent. Such review would only delay demolition 120 days so forcing a property into a review process is not productive. However, both Commissions felt public discussion was very important and are requiring posting and notification to neighborhood associations and interested groups of properties proposed for demolition. This is seen as helpful in triggering a community dialogue about alternatives to demolition.

Mayor Katz asked what the City's experience had been over the last ten to fifteen years.

Mr. Harrison said they have seen positive action in the last ten years and such projects as the Kenton Hotel and Widmer Brewing Co. are good examples.

Mayor Katz asked if this resulted because of the posting notice requirement or because they were brought to Council.

MARCH 28, 1996

Mr. Harrison said neither project came to Council.

Commissioner Lindberg said time is still needed to search for alternatives to demolition.

Mr. Harrison said the current proposal calls for 120-day delay, which is all the state allows.

Regarding the amendments requested by ESCO, Mr. Harrison said their requests would limit further the amount of non-industrial use for an historic building in an industrial sanctuary to a floor area ratio of one to one. He said if the review process determines that non-industrial use can occur without a detrimental impact, it seems appropriate to allow the user to use 100 percent of the building. He recommended against these amendments.

Regarding Mr. Rogers' amendment request, Mr. Harrison said the recognition of the Historic Landmarks Advisory Boards is a very touchy issue. There is one extremely successful board but the structure has been a problem citywide, with 14 districts, one successful board and several marginal ones. As land-use review decision making bodies, the boards carry with them public meeting, disclosure and other requirements that go far beyond what is required for normal citizen activity boards. He said staff has recommended deletion of the historic advisory boards as official land-use review decision making bodies. But they are concerned about what to do in Ladds Addition where that board wishes to continue independently of the neighborhood association. They are also concerned about cases where the neighborhood association is inactive but those interested in preservation of an historic district are quite involved. One example is the Mississippi Avenue Historic District in Albina which overlaps two neighborhood associations. The Landmarks Commission wanted to be sure that an interested group would get notice and an opportunity to comment. That is all recognition means.

Commissioner Hales said he would like Ms. Gruenfeld and Mr. Michaelson to respond to these amendment requests, especially those of Mr. Rogers. He said he is inclined to agree that people should be channeled into their recognized neighborhood associations.

Regarding the proposal to allow the Planning Director to initiate demolition review on Conservation landmarks, Mr. Harrison said taking such action constitutes a land-use action and requires notice. He said they believe it would be better for concerned parties to petition the Landmarks Commission or Council to initiate a review and require criteria for that process. The City is also maintaining a

MARCH 28, 1996

fairly active historic preservation program in order to proceed aggressively with the preservation of properties. He recommended against this amendment and noted that within the State legal framework the City cannot impose something on unwilling owners.

Mr. Harrison said everyone involved took an exhaustive look at possible incentives. The Planning Commission eliminated some because it felt they might conflict with other public values like the preservation of housing in inner-city neighborhoods or the preservation of industrial sanctuaries. Also Council is considering today only those which tie into the Code and there are many others which do not. They recommend against adding any incentives today but will be open to adding others in the future.

Mayor Katz asked if the City missed the boat over the last 10 years because of a lack of creative incentives.

Mr. Harrison said the biggest error was phasing out, because of cost, the historic preservation awards program. That was one of the cornerstones of the voluntary program and they are now exploring its reinstatement. He said they were not able to identify any other things in the Code to help preserve buildings.

Regarding design review of alterations, Mr. Harrison said the consensus was that it is best to avoid after-the-fact enforcement of items that do not require a building permit, such as doors, windows or porches. They believe a leadership program is a better way, providing owners of an historic resource with information to help them understand its significance and how best to care for it. They have also included a requirement in the Code for developers to meet more often with the neighborhood, as suggested by Mr. Bissett. The Planning Commission will review the threshold part of the requirement later this year and Mr. Harrison recommended doing no more at this time. The idea of allowing neighborhood associations to initiate a designation, as suggested by Ms. Uris, was debated by the Planning Commission. It raises the same issues as designation by the Planning Director and it was decided that decision was best left to the Landmarks Commission and the owner. A neighborhood association is free to petition the Landmarks Commission to initiate such a designation but does not have the power to force initiation on a property where the owner is unwilling.

Commissioner Hales noted that he had asked Ms. Gruenfeld and Mr. Michaelson to review the amendment requests prior to the second reading. He said he is very impressed with the work that has been done here and the fact that Council is not facing a room full of angry property owners or preservationists is a testimony to its success.

MARCH 28, 1996

Mayor Katz said she would also like a response about what could go wrong with the demolition delay requirements.

Disposition: Passed to Second Reading April 3, 1996 at 2:00 p.m.

At 4:35 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner

By Cay Kershner
Clerk of the Council