



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 29TH DAY OF MAY, 1996 AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ben Walters, Deputy City Attorney; and Officers Doug McKillips and Steven Regalado, Sergeants at Arms.

Commissioner Hales moved the nomination of Commissioner Kafoury as President of Council and Lindberg seconded. Y-4.

On a Y-4 roll call, the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 859** Accept bid of Gelco Services for Tryon Creek interceptor sewer reconstruction for \$90,380 (Purchasing Report - Bid 186)

Disposition: Accepted; prepare contract.

- 860** Reject bid of Argo International for variable frequency drive equipment purchase (Purchasing Report - Bid 190)

Disposition: Accepted.

- 861** Vacate certain portions of NE Irving Street, NE 49th and 52nd Avenues, under certain conditions (Ordinance by Order of Council; C-9904)

Disposition: Passed to Second Reading June 5, 1996 at 9:30 a.m.

Mayor Vera Katz

- 862** Report on Phase II, Fair Contracting and Employment Initiatives (Report)

Disposition: Placed on File.

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863 Confirm reappointment of Marina Antilla to the Police Internal Investigations Auditing Committee (Report)

Disposition: Confirmed.

***864** Create one Maintenance Mechanic position in Parks & Recreation and abolish the Mechanical Inspector classification in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Ordinance No. 170152. (Y-4)

***865** Pay claim of Max Bennett (Ordinance)

Disposition: Ordinance No. 170153. (Y-4)

***866** Contract with Roy F. Weston, Inc., not to exceed \$35,000, for automated computer mapping (Ordinance)

Disposition: Ordinance No. 170154. (Y-4)

***867** Agreement with Multnomah County Health Department to provide access to the Portland Police Data System (Ordinance)

Disposition: Ordinance No. 170155. (Y-4)

Commissioner Charlie Hales

868 Set hearing date, 9:30 a.m., Wednesday, June 26, 1996, to vacate unused street remnants created by the design and engineering of the Rose Quarter and other improvements (Report; C-9898)

Disposition: Accepted.

***869** Amend contract between the Portland Development Commission and the Office of Transportation for pre-development planning services for redevelopment of the NE 60th and Glisan Street site (Ordinance; amend Contract No. 29793)

Disposition: Ordinance No. 170156. (Y-4)

***870** Authorize the Purchasing Agent to sign a Purchase Order to serve as a contract with Copenhagen Utilities & Construction, Inc. in the amount of \$502,423 and provide for payment (Ordinance)

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Disposition: Ordinance No. 170157. (Y-4)

- *871 Contract with nine consulting firms for flexible services contracts in support of transportation engineering, traffic signal and street lighting projects (Ordinance)

Disposition: Ordinance No. 170158. (Y-4)

- 872 Reduce fee for fire code plan review (Ordinance; amend City Code Title 31)

Disposition: Passed to Second Reading June 5, 1996 at 9:30 a.m.

- *873 Contract with Alder Creek Lumber Company, Inc. for fire prevention and suppression services for FY 1996-97 (Ordinance)

Disposition: Ordinance No. 170159. (Y-4)

Commissioner Gretchen Miller Kafoury

- *874 Authorize a contract with Proline Industries for replacement video equipment at Portland Fire Bureau television services, in the amount of \$148,023 and transfer appropriations (Ordinance)

Disposition: Ordinance No. 170160. (Y-4)

- *875 Authorize a contract with Harris Corporation, Farinon Division to upgrade the microwave radio link from Council Crest to 1900 N Interstate for an amount of \$56,808 and provide for payment (Ordinance)

Disposition: Ordinance No. 170161. (Y-4)

- *876 Decrease agreement with Multnomah County Department of Community and Family Services for the Youth Employment and Empowerment Project by \$5,000 and provide for payment (Ordinance; amend Contract No. 30021)

Disposition: Ordinance No. 170162. (Y-4)

- *877 Authorize application to the State of Oregon Criminal Justice Services Division for Edward Byrne Memorial State and Local Law Enforcement Assistance Program funds in the amount of \$187,928 (Ordinance)

Disposition: Ordinance No. 170163. (Y-4)

- *878 Increase agreement with the Raphael House by \$8,760 and provide for payment

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(Ordinance; amend Contract No. 30123)

Disposition: Ordinance No. 170164. (Y-4)

***879** Contract with Springwater Corridor habitat restoration project and Southeast Uplift as fiscal agent for \$20,000 to improve the habitat along the Springwater Corridor and provide for payment (Ordinance)

Disposition: Ordinance No. 170165. (Y-4)

Commissioner Mike Lindberg

880 Accept completion of the construction of Sunderland pump station and authorize final payment to Triad Mechanical, Inc. (Report; Contract No. 29543)

Disposition: Accepted.

881 Accept completion of the Taggart Basin CSO sump project Unit 1 and authorize final payment to Brundidge Construction, Inc. (Report; Contract No. 30303)

Disposition: Accepted.

882 Accept contract with S-2 Contractors, Inc. for the Wellington sanitary sewer project as complete and provide for final payment (Report; Contract No. 29688)

Disposition: Accepted.

***883** Authorize a contract with the lowest responsible bidder for Columbia Boulevard Wastewater Treatment Plant primary clarifier renovation Phase II for the Bureau of Environmental Services and provide for payment (Ordinance)

Disposition: Ordinance No. 170166. (Y-4)

***884** Amend contract with Analytical Automation Specialists for payment of additional training service for the Laboratory Information Management System (Ordinance; amend Contract No. 30215)

Disposition: Ordinance No. 170167. (Y-4)

***885** Authorize the Purchasing Agent to sign a Purchase Order to serve as a contract with Robert E. Rector for engineering services (Ordinance)

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Disposition: Ordinance No. 170168. (Y-4)

886 Amend City Code to streamline procedures for application to the Code Hearings Officer (Ordinance; amend Code Chapter 17.33)

Disposition: Passed to Second Reading June 5, 1996 at 9:30 a.m.

887 Consent to transfer of Columbia Sanitary Service, Inc. solid waste and recycling franchise to Moreland Sanitary Service, Inc. (Second Reading Agenda 829)

Disposition: Ordinance No. 170169. (Y-4)

888 Amend contract with Sverdrup Civil, Inc. to provide program management and technical expertise to the Combined Sewer Overflow Program for a third year at a cost of \$2,282,974 (Second Reading Agenda 845)

Disposition: Ordinance No. 170170. (Y-4)

889 Authorize the Water Bureau the right to declare two modular trailers as surplus for sale (Second Reading Agenda 830)

Disposition: Ordinance No. 170171. (Y-4)

City Auditor Barbara Clark

***890** Cancel assessment liens on properties sold by the Multnomah County Sheriff for collection of delinquent property taxes (Ordinance)

Disposition: Ordinance No. 170172. (Y-4)

***891** Authorize a Declaration of Deed Restrictions with Mildred B. Stocking relating to the final assessment of costs of the SW Palatine/Boones Ferry Road Local Improvement District (Ordinance; C-9831)

Disposition: Ordinance No. 170173. (Y-4)

REGULAR AGENDA

851 TIME CERTAIN: 9:30 AM - Adopt the Southeast Bikeways Project to improve conditions for safe and convenient bicycling on the streets of Portland (Resolution introduced by Commissioner Hales)

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Discussion: Commissioner Hales said Council recently approved the Bicycle Master Plan, a city-wide blueprint to "bike our talk" where the city works for more than one mode of transportation. Council has lately discussed the hard and easy parts of regional planning. It is easy to talk about not moving the urban growth boundary but hard to turn this into changes in the way we live. However, changes and adjustments will create a more livable city.

Jeff Smith, Bureau of Traffic Management Bicycle Program, said this is the initial implementation of the Bicycle Master Plan, which is a funded, capital improvement project with \$250,000 budgeted for the current fiscal year for both planning and development of Southeast bikeways. The area is bounded by the Willamette River, Banfield Freeway, I-205 bikepath and the south City boundary. This is in accord with Policy 6.12 of the Comprehensive Plan and local and national surveys point to the provision of on-street bicycle facilities as the most effective means to encourage bicycle use. This project's objective is to encourage safe bicycle use through bikeway facilities development. Generally, this means reallocating street space by moving paint. Bikeways were prioritized by a number of criteria: connection to destinations; connection to existing bikeways; existing and potential cyclist use; and barriers that developing a bikeway would help overcome. The ranking was reviewed and discussed by the City's Bicycle Advisory Committee, the Bicycle Transportation Alliance and Southeast Uplift Land-use and Transportation Committee, followed by letters and phone calls to all Southeast neighborhood and business associations, and further followed by mass notification. The meetings produced a final draft of the project proposal. Mr. Smith said bicycle program staff gave presentations at the following neighborhood association meetings: Buckman, Kerns, Eastmoreland, Laurelhurst, Woodstock and Center. Letters of neighborhood support were received from the first three and no official position was taken by the last three. Letters of support also came from SE Uplift Land-use and Transportation Committee, the Portland Wheel and Touring Club and Bicycle Transportation Alliance.

Mr. Smith exhibited maps of proposed routes and existing and other funded bikeways, with the emphasis on connecting existing bikeways. More connections are yet needed in this project area. Preference is given to enhancing ease and safety of arterial street crossings for cyclists and pedestrians. He noted that the bikeways on SE 7th, Sandy and NE 12th were not part of this project. There has been work lately to design a bikeway on this street segment to connect the inner Eastside with the Lloyd District and improved crossings. The proposals are closely connected with the proposal now before Council and the latter project will be brought back before Council in the near future. Mr. Smith showed slides of the proposed projects. He emphasized that the westbound SE Madison Street connection to the Hawthorne Bridge ranked highest of all the potential Southeast project segments as it is the most heavily-used bridge by cyclists. Some parking

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will be lost in that area, which is primarily used with little turnover throughout the day by inner eastside and downtown employees. The implementation of the bike lane and the requisite parking removal will be timed to coincide with a new parking permit program in the area. On-street parking is used during peak season events by the Rhododendron Gardens. Some of the shoulder on that street will be paved to accommodate parking and bike lanes. Mr. Smith noted that SE Harney Drive is an important connection between the Springwater Corridor Trail and residential areas to the north, adding that on-street bikeways are one aspect of the bicycle program. Others are: improved availability of secured bike parking; enhancing links between bicycle trips and transit; supporting events that encourage and promote bicycle use; working with Metro Greenspaces Program in the City Parks Bureau to help create an area-wide network of multi-use trails; and better safety education for cyclists and drivers.

Mayor Katz asked about the recommendation to really focus on a connecting project rather than spreading the connections out when the Master Plan was adopted.

Mr. Smith said they had hoped to make it more connected or cohesive than it is, but there were neighborhood concerns about parking removal. They try to pick projects that minimize the impacts while maximizing benefits for cyclists. Dave Adams, Little Baja Imports, 1510 E Burnside, 97214, said his business is strongly opposed to any nearby bike crossing which would result in the loss of already limited parking. It would cause a hardship for his and the three other businesses on the corners. He mentioned they had not been notified of the meeting and only heard by chance.

Mr. Smith said that segment of the project has been pulled from the plan, due to opposition from adjacent businesses.

Eugene W. Brown, 118 NE 16th Avenue, 97232, a business owner on NE 16th, said he is totally against the proposed bikeways which involve removal of traffic lanes and parking. He recommended licensing all bicycles to fund dedicated bike and pedestrian traffic cross lights at intersections where needed, with any remaining revenues going to bike theft recovery and auto/driver bike awareness. Mr. Brown said the traffic islands could be removable. He said the Portland motto, the City That Works, is correct but at ten times the cost of the private sector and small businesses fear to testify in Council because of retaliation by different City bureaus.

Mayor Katz said Council deserves to know if there is ever retaliation by any City bureau.

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Steve Slocum, 1617 NE Couch Street, 97232, said he only learned about this project in late February and none of his neighbors knew about it, either. The Transportation Department said there was input from 2,000 people, none of whom he knows. At least 12,000 cars use Sandy Boulevard daily and statistics from the last open house indicate that bicycles represent only two percent of the traffic. Mr. Slocum said the removal of parking will cause tension between cyclists and motorists. Between 3 and 5 p.m. at 16th and Irving, traffic is lined up in all directions to access the freeway which the pictures did not show. Because Transportation conducted the survey on the weekend, it does not count. He said the affected businesses have not been contacted, informed or kept up-to-date.

Commissioner Hales and Mayor Katz corrected the misunderstanding that Sandy Boulevard was in this project, but noted it was being discussed for the future. Mayor Katz added that Council would talk to staff about the notification process.

Cindy Hurley, 24 NE 16th Avenue, 97232, said she, too, learned about the project in late February and would have liked more time to study it. As an area resident, she is very concerned about parking being pushed onto the residential streets which are already crowded. Bus travel and stops will also be impacted. She recommended a pedestrian light to be activated by pedestrians and cyclists. Ms. Hurley said the bike lanes could give cyclists a false sense of security, especially when vehicles are turning right. She noted that cyclists are not required to carry insurance.

Karen Anderson, 1500 NE Irving, 97232, said she represents the owners of Lloyd Plaza and 1500 Plaza, both on Irving Street, who oppose the bicycle lane on the north side of Irving between 12th and 16th where approximately 23 parking spaces would be lost.

Commissioner Hales said 40 new, on-street spaces are being created on 16th and 60 spaces will be lost on Irving, for a net loss of 20 spaces.

Sherman Coventry, Bicycle Advisory Committee Vice-Chair, said he owned a bicycle shop in Southeast and had been on the Committee for nine years. The Bikeways Project has come to the Committee in various stages for recommendations and priorities and when he saw the whole package he was struck by its moderation and reasonableness. In outer Southeast, there is no impact on parking and it has incurred little cost. Mr. Coventry said, in fact, the overall project has a very low cost and impact. Encouraging bicycle use is a long-term goal and will help mitigate parking problems and traffic congestion.

Mayor Katz said there is no way to measure how many cars come off the road, but they are struggling with the benchmark data to get that kind of information.

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Mark Mackey, 919 NE 19th, 97232, said he represents Nationwide Insurance on Irving Street and they support this project, along with other efforts to reduce employee automobile trip miles. Originally they were concerned about the loss of parking but are pleased with the outcome. Mr. Mackey said they are concerned about safety and as the office is at the entrance to the Banfield freeway they see the confluence at evening rush hour which is hazardous to bicyclists.

Gary Coe, 120 SE Clay Street, said he and his wife are bicyclists but, like 95 percent of Portland bicycle owners, they are bicycle hobbyists. It appears that most of the bike lanes and trails are hobby-used. He said Portland's climate was just plain wrong to be relied on for bicycle transportation full time for most people. Cyclists have not paid a dime for infrastructure improvements and no fees are part of this proposal, which is an important issue. Bicycle improvements are funded from automobile-related dollars.

Mayor Katz asked Mr. Smith if there were a baseline of the number of bicycles used during commute times so that any increase could be measured after adopting these lanes.

Mr. Smith said measurements were being taken at some locations, such as bridges.

Geri Sue Lent, 1834 SE Spokane Street, said she is an alternate transportation appointee to the Metro Citizens Advisory Committee on the Regional Transportation Plan, a Sellwood small business and home owner and is a bicycle transportation advocate. She frequently rides the east/west Bybee route and her cycling will be safer with bike lanes. Ms. Lent noted that bike lanes for SE 28th above Crystal Springs are especially important.

Scott Exo, 3056 NE Oregon Street, said he is a hobby motorist who bicycles to work in the downtown core. He said he particularly supports the bike lanes on Glisan which, while a wide street, is a fast street. He agrees with the speed bumps on Ankeny and, because motorists run the stop signs, recommends traffic islands at selected intersections.

Sue Hollis-Shade, property manager of a 92-resident apartment complex at 1640 NE Irving, #95, 97232, said the complex was bounded by Irving, Glisan, 16th and 18th and contained 88 spaces. She said the bulk of the residents have to park on the street and to remove parking on Irving and Glisan will heavily impact them, especially as 30 percent are retired and not about to bike. "Southeast" is a misnomer as northeast will be strongly impacted. After furnishing Mr. Smith with a map of the property and the residents' addresses for notification, only several were notified. There is a development plan for another apartment complex

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and a strip mall on a vacant lot at NE 16th and Glisan, which will take even more parking. At the beginning of the project, she was told they would lose 10 parking spaces and has just learned in this meeting it will be 20.

Michael Zokoych, 1111 SE Sandy Blvd., 97214, a business owner at that address said he is speaking for himself and a coalition of that neighborhood's businessmen. He said they felt they were being steamrolled. He posted the proposed bike map on the wall of his restaurant for a week with a questionnaire asking if traffic lanes and parking should be removed. People voted, with names, addresses and phone numbers, 10 to one against the project. Mr. Zokoych said safer and more bicycle use would come about with driver and cyclist education, not paint in the street. He said the \$123 million for this project would be better spent on the schools.

Mayor Katz emphasized that the gas tax could not be used for any other purpose than that for which it was dedicated in the constitution. She complimented Mr. Zokoych on his sausage.

Amy Benson, 2044 SE Ash, #3, 97214, co-chair of the Bicycle Transportation Alliance, said this project is the first implementation of the highly-praised Bicycle Master Plan and deserves the same enthusiastic support. She said the parking removal is the toughest option for people to accept. However, the program has tried to ease this parking loss by siting alternative locations for parking and linking various projects to limit neighborhood impact.

Mark J. Ginsberg, 4321 SE Clinton Street, 97206, said he sat on the Southeast Bikeways project and is a bike commuter and racer. He said the assumption that only parking creates a positive business community is negated by NW 23rd's profitable businesses.

Steven Scott, 620 SW 5th Avenue, 97204, said he uses his bicycle year-round for transportation, as well as his car. He has received on-going notification of all Southeast Bikeways meetings, perhaps because he reads his mail from the City. While he is an experienced cyclist, he understands how difficult bridges and large intersections are for average riders. Roads accommodate average drivers and so should bikeways.

Peter Fry, 722 SW 2nd, #330, 97204, said the Central Eastside Land-use Committee is afraid the Southeast Bikeways Plan is under-financed and without enough of a discovery process to make it effective in their district. He said SE Madison would be adversely impacted by a loss of parking and the street needs a design engineering study to determine how to rebuild it from 12th to 6th. Madison is a critical inner-city arterial connecting southeast neighborhoods to downtown. It should not be under-financed and they are asking the City to do it

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right, which will take about \$50,000. There is enough time, as it will come after the residential parking permit program. He suggested some plan additions, such as right turn lanes and traffic lights.

Ted VanVeen, 3106 SE 45th, 97206, said he represents Crystal Springs Rhododendron Garden, a unique, exciting, internationally-renowned garden which is becoming a strong tourist attraction. He said the bike lanes on 28th would severely restrict parking, a growing problem for them. The garden is visited by tour, school, elderly, handicapped and church groups which use buses. Mr. VanVeen asked that the street not be painted as yet and for more time to seek out land for a bikeway by working with Reed College. SE 28th should have been widened before now.

Bob Elliott, 2436 SE Tamarack, 97214, said he represents the SE Uplift Land-use Committee which supports this project.

Karen Frost Mecey, 5704 SE Liebe, 97206, Executive Director, Bicycle Transportation Alliance (BTA), said she is a Southeast resident and owns a small business there. It is a huge but manageable task to reach the goal of 10 percent mode-share for bicycles in 20 years. The policy to encourage cycling and discourage single-occupancy vehicles is not the mandate of a few wild-eyed eco-bureaucrats but one demanded by citizens, neighborhoods, bicycle and pedestrian advocates and business representatives who realize the region will be strangled by further reliance on the automobile. Ms. Mecey noted that the Employee Commute Options Rule (ECO Rule) from the Oregon DEQ stipulates that businesses with over 50 employees must present plans to reduce auto trips by 10 percent and comply in three years. In rebuttal to the comment that cyclists do not pay their way, she said one-third of the cost of local roads are paid by auto-user fees and gas tax, with two-thirds from other sources, such as property owners who do not even drive.

Eugene Powell, 1313 SE 9th, 97214, said he owns a small business which has no parking as it is taken up by commuters who work downtown.

Frank Hastie, 3570 SW Council Crest Dr., 97201, a volunteer for Crystal Springs Garden, suggested that signs be put up advising motorists of bicyclists in the area, which has worked well on SW Fairmount. He suggested studying how cycling works in European cities.

Daniel Kearns, 111 SW 5th, #3200, 97204, said he is a bicycle commuter and finds the climate favorable for it. He emphasized how much safer children are riding on streets with bike lanes.

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Greg Haun, 4134 SE 28th Place, said his family generally uses their one, old car for recreational purposes, as bikes are their primary transportation. They were able to finance a house even with a small income because they had no car loan debt.

Mark Lipe, 1914 SE Ankeny, 97214, co-owner of City Bikes Workers Cooperative, responded to earlier inquiries about an increase in commuter bicyclists. He said it was part of their corporate bylaws to promote alternative transportation by bicycles and in the past six years their number of employees has tripled and income has quadrupled. Regarding those who have expressed difficulty in working with the bike plan program, it is a two-way street--getting involved in the processes and they, themselves, must maintain communication. He wondered if bicyclists are taking some of the heat motorists are feeling about the packed streets and gridlock.

Ted Leybold, 2631 SE Morrison, 97214, said he thought the bicycle staff did an exemplary job. He mentioned that the paint on the street for bike lanes establishes that the bicycle does belong on the street in motorists' minds. This is a cost-effective provision of infrastructure which addresses both the State planning rules and the City's goal to increase the mode-share of bicycle trips.

Gloria Bitner, 1650 NE Irving, #67, said she has seen almost all the cyclists near her home on the weekend. She got the feeling from the morning's testimony that she was living in the Field of Dreams movie--if we build it, they will come. She cannot concur that building more bike lanes will get more cars off the road, as there are many people who will never commute by bicycle.

Mayor Katz asked Mr. Smith to review which items were not on this project's list.

Mr. Smith said, based on comments at the open houses about the 16th and Burnside median crossing, the extension from Ankeny north to Urban was removed. Also, 7th/12th/Sandy and 11th/Ankeny/Sandy are not in this project. Parking surveys were taken at seven different times--six weekdays and one weekend.

Commissioner Lindberg asked if there were written procedures about notifying people in writing who are affected by the projects and who had asked for comment notification.

Mr. Smith said there were mailings to all residents and property owners on the affected streets and, because corner properties are hard to access from the computer, they were manually added in. For the first meeting in February, only one notice was sent to the entire apartment complex at 16th and Irving. He spoke

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to the apartment manager in March and got the apartment list from her. He felt that some of the others' objections were because they had not heard earlier, but there was no open house until February.

Commissioner Hales said this is a solid plan and staff has done a good job in working with the community. Something like this cannot be done painlessly, but there has been a real effort to mitigate the impact and balance the options to move people around the community. Much time has been spent in accommodating the automobile and now, following State law and City policies, a more balanced transportation system is being developed. He recommended passing the resolution and committed staff and his office to further work on the Madison Street situation, although he did not agree with Mr. Fry about spending \$50,000. He would like to work further with Crystal Springs and Reed College about how it is done, not if, and particularly address the bus issue.

Commissioner Kafoury said she sat in for Commissioner Blumenauer on Governor Roberts' Air Quality Task Force, a state-wide group and it is a given that growth cannot be accommodated with dependence on the automobile. These are hard choices and the mode of thinking must be changed. For example, the 92-unit apartment complex with 88 parking spaces seems excessive. Each one of us must assess how we are living and what we are doing with our resources and energy.

Commissioner Lindberg said this was a wise decision for the future and the 10 percent bicycling modal split is doable. Options to continued reliance on the automobile are bicycling, walking, transit, telecommuting, etc.

Mayor Katz said she is not as confident today as she was many years ago that the transportation strategies will work in the short- and even intermediate-term. There is no sign of any relief yet. Major relief will come when people get out of their cars and onto mass transit. She would like the Bureau to look at the notion of benchmarks, as Council has been doing. Incentives need to be provided. Mayor Katz stressed the safety aspect--it goes both ways between cyclists and autos. She asked staff to look at how other cities deal successfully with this. The City needs to work with developers and financial institutions on what kind of incentives could be developed for alternative transportation.

Disposition: Resolution No. 35519. (Y-4)

Items 852 through 857 were read and discussed together.

***852 TIME CERTAIN: 10:30 AM** - Authorize an agreement with the sponsor of Last Chance Summer Dance for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

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Discussion: Commissioner Hales said these six ordinances represent major partnerships between the City and community organizations. When the 1994 Parks Bond Measure passed, a commitment was made to seek partnerships to leverage the funds voters gave to improve Portland's parks with corporate, foundation or, as in this case, non-profit association partnerships.

Jim Franzen, Rose Festival Center Chairman, said Waterfront Park is a real jewel, making the City's core area what it is. The utility project changes includes: using natural gas rather than propane; better distribution and removal of wastewaters; more convenient placement of electricity and water near booths and exhibitors; and elimination of many of the wires and hoses running through the park. The turf section will dramatically improve the section between the Burnside and Morrison Bridges. The most unique aspect of this partnering has been the partnership itself. He said the Rose Festival's relationship with the Parks Bureau is at an all-time high and in his 12 year tenure on the Board, he has seen that relationship ebb and flow.

Dick Clark, Executive Manager, Portland Rose Festival Association, said the Festival would have 90 events, some on world-wide television. Two million visitors are expected creating a \$65 million impact and making it one of the top ten city celebrations in the world.

Ken Dale, Executive Director of Oregon's Special Olympics, said his organization produces The Bite event. Their partnership with the Parks Bureau has several aspects as they provide services to mentally handicapped folks throughout the state, particularly in the Portland area.

Lorinda Moholt, Chair, Oregon Food Bank Board, said the Blues Festival made up a considerable portion of their income and the Food Bank looks forward to continued partnership.

Clint Sly, General Manager, Z100 Radio, said they promote the Last Chance Summer Dance, the largest fund-raiser for muscular dystrophy west of the Mississippi, and are pleased to be partners with the Parks Bureau.

Clay Fuller, early promoter and coordinator of several Waterfront events, said when he first started it cost \$5 to rent the park. Not only are the events important fund-raisers, but they promote the arts, emphasizing local participation and national acts.

Commissioner Hales said the partnerships have come a long way. These non-profit organizations are not only signing on the dotted line with the City to be long-term partners, even with their serious missions they have written checks

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totalling \$480,000, nearly a quarter of the \$2.1 million project cost.

Mayor Katz said it was nice to see people respond so positively when they are charged more money. This is a real partnership and she thanked the Parks Bureau.

Disposition: Ordinance No. 170174. (Y-4)

***853** Authorize an agreement with the sponsor of The Bite Festival for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 170175. (Y-4)

***854** Authorize an agreement with the sponsor of Portland Rose Festival for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 170176. (Y-4)

***855** Authorize an agreement with the sponsor of Cinco de Mayo for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 170177. (Y-4)

***856** Authorize an agreement with the sponsor of The Brewers Festival for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 170178. (Y-4)

***857** Authorize an agreement with the sponsor of The Waterfront Blues Festival for financial participation in the Waterfront Park capital improvements (Ordinance introduced by Commissioner Hales)

Disposition: Ordinance No. 170179. (Y-4)

858 TIME CERTAIN: 11:00 AM - Accept the Water Bureau's proposed plan to augment peak season water supply if needed in 1996 (Report introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said Bull Run reservoir supplies were in

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good shape but the City always adopts a summer contingency plan with public input, a commitment made after the 1992 drought.

Mike Rosenberger, Water Bureau Director, said the report is the recommended strategy to augment Bull Run supply should it need to be done this summer and only applies to the current summer. A plan for the summer is developed each year based on changing conditions. The report incorporates input from the Water Quality Advisory Committee (WQAC), written comments from the city of Sherwood and the Water Managers' Advisory Board, those with whom they wholesale Bull Run water. There continues to be an 11 percent per capita reduction in water use since 1992, indicating conservation efforts are having an effect. Drawdown is expected to be normal and to begin around the end of June/July 4th. Criteria for the plan have been: protect public health; maintain water quality standards; resource reliability, availability, accessibility and predictability; minimize cost; minimize environmental impact; maximize demand reduction; minimize legal liability; and maximize water quality consistency throughout the whole 1,900 miles of the distribution system.

Mr. Rosenberger said there are several changes for 1996: use of more refined measures to track supply and demand; Bull Run Lake will be a potential source; the approach to the Columbia South Shore well field has been clarified; and curtailment pricing has been incorporated into the mandatory curtailment option. Statistical analysis indicates there is a 50-50 chance that we will get through the summer just using Bull Run and conservation and not have to augment. If that is necessary the order will be: 1) crank up the "wise water use" message; 2) use the Columbia South Shore wells, the Blue Lake aquifer portion first; 3) turn to additional wells; 4) target demand reductions for large water users; 5) off-load some demand to the Tualatin Valley Water District; 6) use Bull Run Lake, which is at an all-time record height; and 7) use additional surface water such as the Clackamas River. At this point, there would be voluntary curtailment, followed by the next five feet of Bull Run Lake, more wells and then mandatory curtailment. In the past years, the Bureau has weekly briefed the Commissioner and bi-weekly briefed the Council. If it looks like there are problems, Council would have early warning, as would the public. The WQAC made the point that the situation should be made clear to the public, which could help water use behavior.

Commissioner Lindberg asked if the WQAC concurs with the use of Bull Run Lake.

Mr. Rosenberger said they did, but there is no letter in writing from them.

Commissioner Kafoury said she is going to vote no, as usual, because the voluntary curtailment and all other conservation measures should begin much

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earlier than the drawdown of the Lake.

Disposition: Accepted. (Y-3; N-1, Kafoury)

- 892** Accept bid of Cedar Landscape, Inc. for Lairhill Park improvements for \$197,815 (Previous Agenda 800)

Discussion: The Acting Council Clerk said there was a request to return the item to the Purchasing Agent.

Disposition: Referred to Purchasing Agent.

Mayor Vera Katz

- 893** Submit FY 1995-96 Spring Supplemental Budget to the Multnomah County Tax Supervising and Conservation Commission (Resolution)

Disposition: Resolution No. 35520. (Y-4)

- *894** Authorize the Mayor and Auditor to execute a labor agreement between the City and Municipal employees, Local 483 relating to the amendment of Article 35, Effective Date and Duration of the Agreement, of the current November 1, 1992 to June 30, 1995 Recreation Employees contract (Ordinance)

Discussion: Tim Grewe, Office of Finance and Administration Director, said Items 894 through 898 basically extend an existing Council policy decision that the City would continue to provide a compensation offset to the PERS pickup until such time as the Supreme Court makes a ruling on the constitutionality of that voter-approved measure.

Mayor Katz said, as this was an emergency ordinance, she would vote aye but would continue to place her percent into a trust fund with the City.

Disposition: Ordinance No. 170180. (Y-4)

- *895** Authorize the Mayor and Auditor to execute Labor agreement between the City and the District Council of Trade Unions relating to the amendment of Article 37, Effective Date and Duration of the Agreement, of the current November 1, 1992 to June 30, 1995 contract (Ordinance)

Disposition: Ordinance No. 170181. (Y-4)

- *896** Approve cost of living adjustments to pay schedules for nonrepresented

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classifications and elected officials, specify the effect upon employees in the classifications involved effective July 1, 1996 and provide for payment (Ordinance)

Disposition: Ordinance No. 170182. (Y-4)

***897** Continue temporary pay schedules and specify the effect upon employees in the classifications involved effective July 1, 1996 (Ordinance)

Disposition: Ordinance No. 170183. (Y-4)

***898** Accept a \$340,000 grant from Department of Treasury, Bureau of Alcohol Tobacco and Firearms for the GREAT Program by the Police Bureau (Ordinance)

Disposition: Ordinance No. 170184. (Y-4)

Note: Council agreed to set Items 900 through 910 over to the 2:00 p.m. session and Mayor Katz so ordered.

Commissioner Gretchen Miller Kafoury

899 Accept the Housing and Community Development Commission income and activity allocation guidelines for the Housing Investment Fund (Resolution)

Discussion: Commissioner Kafoury said the Resolution directs the City and specifically the Portland Development Commission (PDC) in the expenditure of the exciting new Housing Investment Fund. In research over the past number of years looking at housing trust funds around the country, almost all were trust funds administered by state agencies and usually funded from the real estate transfer tax. She said they have not given up on that objective but Oregon does not have a real estate transfer tax. The newly-passed ballot measure requiring a three-fifths majority of the legislature will make it even more difficult to get it passed next time. She said the April 4th Council Informal about the structure and organization of the housing programs in the City was a little bit tense. At that time she mentioned they would have to confront the competing goals the City has to provide more affordable housing, especially at the lower-income levels, and the desire and zeal to have higher-unit construction. The potential conflict is not as dramatic as some believe, but Council does need to talk about it. Commissioner Kafoury urged Council to specifically listen to the work of the Housing and Community Development Commission and what they have developed in terms of these guidelines. The group has steered through the rocky waters of the past five years and their premises and conclusions have been legitimate and kept a steady path to guarantee affordability for the very low income families in the community.

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Commissioner Kafoury, because of the extraordinarily long meeting, suggested to those wishing to speak that there were many ways to indicate support or lack thereof.

Janice Frater, Housing and Community Development Commission (HCDC) Chair, said the Commission's approach was to consider all the City's stated housing priorities and make a recommendation for the most prudent use of scarce and precious public dollars. Two public hearings, in December and January, were held, along with public discussion at the Commission's main meeting a few weeks ago. From public input and the Commission's experience over the years, the guidelines are framed by three basic philosophies: 1) ensure a responsible and prudent use of public dollars based on existing policies while recognizing the decline in federal funding; 2) use public subsidies as a catalyst to drive development or support those housing markets and population segments not currently being served by the private market; and 3) balance support of the existing housing need with future growth goals. Additionally, they recommend incorporating the City's federal and home community development block grant dollars designated for housing into the housing investment fund formula to encourage and support one-stop shopping at the City for developers. This should make it easier for PDC to craft the financing packages. The recommendation provides allocations across income categories and for a variety of income types and that the greatest share of the housing investment dollars goes to serve populations at or below 50 percent of median family income--split nearly equally between the 0-30 percent and 0-50 percent. The remainder goes to serve higher income populations and home buyers. The family income allocations were purposely chosen at 30 and 50 percent of median family income in recognition that these income caps are lower than caps set on other subsidy sources, namely federal tax credits. In order to provide housing for the lowest income levels, greater amounts of subsidy are needed, confirmed by the newest study for the Livable City Housing Council. The majority of affordable housing units serve populations with incomes at the cap--about 60 percent of median family income--because of the subsidy types available. Recognizing this development reality, their allocations are simply designed to encourage the market to build for lower incomes. This may mean some projects in the pipeline will have to be reconfigured or not funded with City subsidies and private funding sought. In return, they believe the housing stock affordable to very low income people and families will increase. Other sources of funding may be available to help meet production goals, tax increment dollars allocated for housing, tax abatement for transit-oriented housing and Livable Cities Housing Council activities, which encourage increased market rate development. The Housing Investment Fund, as proposed, together with these other tools, will support a housing production process that ensures Portland captures its growth potential and remains livable into the 21st Century. HCDC has also committed to lead the evaluation process to ensure that the desired

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outcomes are being generated. These reports will be provided to Council on a regular basis, with the first scheduled for year-end, six months after the fund goes online.

Sam Galbreath, member of HCDC (Livable Cities), emphasized three points. He said they took Council's charge very, very seriously in this complex decision. One thing that makes him comfortable with the recommendation is not only the consideration given to the formal testimony during the three hearings, but also his experience with a speakers' bureau which spoke to anyone interested, primarily neighborhood associations. He said he was heartened that, even when people began skeptically, by the time they heard the problems they were very supportive and very clear that if public money is to be involved in housing production it needs to be directed where there is greatest need and have a system of accountability to ensure the funds are well spent. HCDC looked at the total investment funds and recommends that the home and block rent monies be earmarked exclusively for persons of 50 percent or below. There has been and will be compelling testimony that more money needs to go to the lower income categories. Notwithstanding the Commission's sensitivity to that, just because a fund is earmarked for projects at 50 percent or below does not mean it is serving people at 50 percent. An example is Alderhouse, the City's first SRO project at SW 13th and Alder, which targeted the downtown working poor. Its threshold for admission was no higher than 60 percent of income. Currently, of the 132 residents, 70 percent make less than 40 percent of median income, 22 percent make less than 25 percent of median income and 72 percent of all the residents are employed. The Commission understands the allocations may need to be fine tuned and they will work closely with PDC to develop specific program guidelines and criteria which will be regularly evaluated, reporting back to Council in six months at least, if not quarterly.

Commissioner Hales said until last year the City's regional housing market had declined almost to irrelevancy--about 10 percent of regional new housing production. It has gone up about 15 or 16 percent in the past year. While the proposal here is the expenditure of about \$43.8 million in federal and City funds for the City's housing agenda, he questioned what is going on in the rest of the region--how well are we being matched.

Commissioner Kafoury said that could be answered in the context of the Coalition for Livable Future and Metro work. There is a group working with the Regional Coalition. This group only deals with Multnomah County.

Commissioner Hales said Council should not make a recommendation in a vacuum, particularly after declining to the point of being a footnote in regional housing production.

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Commissioner Kafoury said this was not their charge and added that the City's percentage of the regional housing goals is up to 25 percent.

Ms. Frater said to her knowledge, no one else has devoted general fund money to the process. It is still all federal money in the other jurisdictions.

Denny West, Housing Authority of Portland (HAP), said HAP strongly supports the Housing Investment Fund and the allocation plan. The focus now is to develop additional units but it is becoming clearer every day that there is a serious challenge to keep operating the existing subsidized units as federal housing subsidies shrink or disappear. These units are essential to the City's successful homeless strategy. In recent years, new affordable housing under 50 percent of median income has been almost solely provided through federal capital and operating subsidies. There are about 12,000 of those units in Multnomah County now and there are just over 41,000 households below 50 percent of median income. It is clear there will be no more federal subsidies for new units or for those existing. Everyone in Section 8 Public Housing now has to pay a minimum of \$25 for rent and utilities, which affects about 500 households, most in Portland. By the end of the calendar year, there will be a disallowance of alcohol and drug disability as a basis to receive SSI and disability payments, which will radically affect housing. Welfare reform will take place and it is unknown at this time how many people will be affected.

Mr. West said in the next decade or so, Section 8 contract subsidies on 4,900 units of private, modal family housing and other units subsidized by HAP Section 8 resources will expire. As many as 2,000 units could expire in the next two years. It is presumed at this point that existing qualified tenants will get Section 8 vouchers from the local Housing Authority for those subsidies, but they will not be transferable--only usable by the person being displaced. If units do not remain affordable to very low-income people, it is highly unlikely that this market can absorb them. Given what is known from the feds today, HAP calculates that in the year 2003 it will take an additional \$7 million a year to fund the current operations. This does not presume that the feds are going to reduce Section 8 tenant aid at all. HAP's experience in developing over 2,000 units from a wide variety of techniques in the last seven years urges careful attention to reality and the guidelines proposed by HCDC. Approximately 40 percent of all renters have an income less than 50 percent of median and half of that figure is below 30 percent of median. It is impossible to add rental housing affordable to families below 50, and even 60, percent of median without public subsidy. Some projects that involve partnerships between HAP and private developers depend on HAP-issued tax-exempt bonds coupled with equity from the sale of non-competitive low-income housing credits. In none of these cases could the financing package buy units affordable at 60 percent of median income. To reach 100 percent of the units

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affordable at 60 percent of median income, Dawson apartments needed an additional \$120,000 in grants and a \$500,000 loan from PDC. The only large new construction development HAP has been able to develop with rents of less than 50 percent of median is a 92-unit project which cost about \$4.8 million to develop and has less than \$1 million of debt service at a tax-exempt rate. The remainder of the financing comes from the sale of low-income housing tax credits and a \$2 million federal grant secured by Senator Hatfield. This very exceptional financing package allowed 100 percent of affordability at 40 percent of median income. These projects primarily offer studio and one bedroom units. Two bedroom units require more square footage for only about one-half as much more rent. Raising the HCDC targets from 50 to 60 percent of median would not result in administrative efficiency.

Commissioner Hales said it is customary for Council to make policy based on what is going on in the region. The HCDC proposal treats the City like an island when, importantly, most of the population lives outside city limits.

Mr. West said this certainly is not a Portland problem. In general, people see the affordability issue, but not the below 50 percent of median income. Nor do they understand what a massive effect it will have if the federal government backs off on this housing. It would be much worse to not begin now. Instead of regional data, he suggested that Council look at Seattle where, in the past 15 years, voters put up \$150 million for construction of housing below 50 percent of median.

Commissioner Hales said Council needs to know what is going on in terms of housing production by public agencies in the region.

Commissioner Kafoury said very little is going on. In the latest data she had from Washington County (two years ago), there was a need for over 15,000 affordable units and 386 were produced.

Mayor Katz asked Mr. West what would be done when the realities of federal reductions set in. Will they come to Council and ask for further subsidies?

Mr. West said it is HAP's responsibility to come to both HCDC, this Council, the County Commission, the Gresham City Council only when they have demonstrated they have done everything they can. He believes there is a lot HAP can do and the goal is to never ask Council for money.

Deborah Grunfelder, Multnomah County Community Action Commission Chair, said this Commission coordinates a system of 21 community agencies serving homeless and very low-income people and is the system of last resort. For the vast majority of these people, housing costs are either the major cause of their crisis or

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the major barrier in resolving it. She asked Council to support the \$6 million for housing development for households 0-30 percent of median income. Demographic information is clear that thousands in the community are without housing they can afford--2,000 on any given night contact her agency because they are homeless. The community non-profits have the capacity, the competence and the will to build housing for very low income families. All they need is the resources.

Diane Luther, Executive Director of Northwest Housing Alternatives and Vice-President of the Community Development Network (a group of about 20 CDCs actively providing affordable housing), said there was considerable agreement in the CDCs that if the funds are not targeted especially to the lower-income groups, the units will not be built. PDC has a subsidy limit in place of about \$25,000 per unit, which makes it essentially impossible to build below the 50 percent median. Ms. Luther pointed out this is an important window of opportunity, as development costs, sewer and water rates are going up. Construction costs are increasing 15-20 percent per year. Other subsidies that help people survive are being lost, as well. The Network is very interested in regional housing affordability issues, is active with Metro and will be advocating for some fair share strategies.

Mike Peterson, 7309 SE 64th Avenue, 97206, HCDC member, said there was not a unanimous recommendation on the various proposals. He said mixed income projects are needed to create a community, rather than segregating people into temporary shelters.

Harry Bruton, 1515 SW 12th Avenue, #605, 97201, said he represents the Commission on Aging, Tenants Leadership Group (tenants living in public housing), and the downtown area Seniors Advisory Council of Northwest Pilot Projects. He said this issue is important not only for the elderly but for families, children, disabled and the new poor.

Terrie Quinteros, PO Box 14694, 97214, Bradley-Angle House Coordinator, said the Bradley-Angle House is a domestic and sexual violence intervention agency and 99 percent of the people they serve are at or below federal poverty level. There have been gains in community response to domestic violence and there is ongoing education about its underlying causes, but affordable housing is a big missing link. Without safe places to live, women and children are often forced to return to life-threatening situations. Ms. Quinteros said Bradley-Angle supports earmarking the \$6 million for 30 percent or less median income.

Quay Matthews, 6414 NE 6th Avenue, 97211, said she would not be able to provide for herself and her children without funds for low-income people and many single parents are in this position.

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Sterling Williams, 2600 N. Williams, #7, 97227, said he served on the Metro Community Development Corporation Board and he recommends support for the 30 percent.

Shannon Snow, PO Box 11527, 97211, Portland Habitat for Humanity, said her non-profit housing organization serves families who fall into the 30-50 percent median income range. She said the need is great and is becoming greater as property values continue to rise.

Jonathan Brier, 9311 SW Boones Ferry Road, 97219, said he is a recent college graduate who came to Portland a year ago. He and younger people like him just getting started are strongly feeling the housing crunch.

Chuck Currie, Burnside Advocates Group, PO Box 3783, 97208, said his group also supports the \$6 million for 30 percent or less. They thought about opposing the HCDC recommendations, as they wanted all the money put in that category, where the greatest need exists and the marketplace has failed the community. The Shelter Reconfiguration Plan, passed in 1993, could almost be considered a failure as it is so difficult to move people from shelters because of the lack of low-income housing.

Karen Markins, 15927 SE Sherman, 97233, said she worked for Multnomah County Developmental Disabilities Program, the county's intake agency for those eligible for their services. People with developmental disabilities comprise about three percent of the county's population and the caseload is growing yearly. A great number of these people have an income much below the area median and are paying more than 50 percent of that for rent and utilities. There is no new funding to provide for new group homes, new adult foster care providers, or new supported living services.

John Rodgers, 5425 NE 27th Place, 97211, Portland Organizing Project (POP) said POP is a coalition of 18 congregations representing about 7,000 families. After listening to families express the pressure of affordable housing, they called for the creation of a housing fund to address affordable housing needs and perhaps an approach such as a real estate transfer tax. Their organization supports the HCDC recommendations.

Pat Prendergast, 333 NW 5th Avenue, Association for Portland Progress (APP) Housing Committee Chair, said APP has long been an advocate for balanced housing. Housing is one of the seven goals in their five-year strategic plan. They have been interested in seeing more public/private partnerships through the Central City 2000 Plan and Central City Business Plan. He said this should not be cast as a rich versus poor issue--the issue is how to meet housing goals. APP is

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concerned that the HCDC recommendations do not place enough emphasis on creating a balanced mix of housing. Their preference is that Council direct PDC to achieve the City's production goal of 2,500 housing units per year, with the most balanced mix possible with available funds.

Commissioner Hales said in the final work on the budget, Council did make PDC the responsible agency to meet the 2,500 units a year target. It was done in a budget note in the final vote on the budget.

Commissioner Kafoury commented that it was not a unanimously supported budget note. Some of today's discussion will be about PDC's capacity.

Julie Leuvrey, Oregon Pacific Investment Development Company, APP member, said the implications of the proposed allocation on the ability to meet the Livable City and 2040 goals must be considered. She is concerned about the increased polarization between the City and suburbia. The majority of newcomers work in suburban business parks, live in garden apartments and subdivisions and shop at the malls. Downtown Portland has not met its goals in competing with the suburbs to attract middle-income residents. Innovative housing downtown cannot be built without public/private partnership and market conditions have never kept up with rising construction costs. Ms. Leuvrey noted, as a private developer, her company built 200 middle-income housing units in 1980 and every five years since has done a feasibility study to try to build a second phase.

Mayor Katz asked if she were saying the new proposal did not pencil out.

Ms. Leuvrey said yes. Primarily because the cost of building structured parking adds \$15,000 per unit.

Mayor Katz said that project was one of the hopeful signs for non-subsidized middle-income housing in the heart of downtown. This is an issue Council needs to face.

Commissioner Hales asked for a guesstimate on a per-unit subsidy.

Ms. Leuvrey said roughly \$15,000 per unit. It would take a combination of bond financing which allows a higher load to value and lower interest rate/tax abatement to alleviate some operating expenses and improve the cash flow to service the debt and a huge equity gap. Even with bond financing, there is still a \$4 million gap. Their first choice was to not go through the public route. Because the South Auditorium district is no longer an urban renewal district, they would not qualify for tax increment financing.

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Mayor Katz said these kinds of projects downtown and at the Lloyd Center will have to provide a subsidy, a reality Council needs to face.

Ms. Leuvrey said there is little need for public financial subsidies to create market-rate housing outside the central city.

Sylvia Mitchell, 2710 NE 14th Avenue, 97212, Executive Director of the Oregon Human Rights Coalition, said the coalition represents low-income and working families throughout the state and is concerned about the rising costs of housing and inability of families to meet housing and maintenance expenses. Discussion of the Investment Fund is an opportunity to identify issues and gain a greater understanding between working people, government and the private sector.

Joanne Oleksiak, 9132 N Woolsey Avenue, 97203, said she works for the YWCA in the St. Johns/ Peninsula neighborhood. She said the people who come to her agency are the invisible homeless--they are not seen on the street or hanging out at Pioneer Square. They are doubled up with many others and living in inadequate conditions.

Mayor Katz referred to Ms. Leuvrey's testimony on the parking for her company's project and asked if the need for parking was that great in the heart of downtown and if creative/innovative ideas had been explored.

Ms. Leuvrey, said one space per apartment is the typical downtown ratio, as opposed to the suburban ratio of one and one-half to two. They proposed taking theirs down to .8 to .75, a market risk which has never been done on comparable apartments downtown, but saves about \$600,000.

Mayor Katz said the demand is so high, she is not sure the risk would be very great.

Commissioner Lindberg mentioned that some European cities have apartment houses with a pool of cars available to all.

Mayor Katz said that kind of housing and the kind of city we want cannot be achieved unless it is subsidized or a strategy to deal with cars is developed.

Commissioner Hales said he appreciated the fact that they are trying and he sees the hurdles, such as the lender probably not accepting anything under one parking space. He asked if City regulations will allow anything less than one.

Bill Muir, 2545 E. Burnside, Executive Director of Metro CDC, said the \$6 million for 0-30 percent is absolutely critical. He said it does not make sense that a

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family, without assistance, could become homeless for lack of about \$500-\$600 a month for housing and upkeep and have their children put into foster care for about \$1,680 a month. It is not cost effective for society and leads to a home's breakup.

Gordon Hunter, Metro CDC President, said the City will have to go to mixed use, such as a restaurant at ground level with apartments above. Some of the equity build-ups in CDC property, currently tied up by PDC, could be used to leverage more units. The region's other two counties do not have the commitment to affordable housing yet, which the 2040 Plan will probably mandate.

Peg Malloy, Portland Housing Center, said the importance of the home ownership part of this proposal is it is the main factor in community and family stability.

Charlene Zaharakis, 1622A N. Lombard, said she is a community health nurse with the Multnomah County Department, maternal and child health. One of the biggest issues for her clients is affordable and adequate housing, which is already a public health crisis. The waiting list for one and two bedroom subsidized housing units just closed and there are 1,000 people on that list. Public health issues such as nutrition, children's growth and development and mental health cannot be dealt with until clients are in stable housing.

Sylvia Evans, 5802 N Michigan, #27, 97217, President of the Plaza Neighbors Association, said they agree that a large portion of the fund should be spent where Portland has the greatest need. Women and children are living in shelters, the waiting list for subsidized housing is three to five years long and federal housing cuts will affect those living in subsidized housing. These people cannot be sure if they will have a home or be homeless tomorrow.

Ruby Howard, Park Terrace, said she lives in low-income housing which has 88 units. They were just notified that their Section 8 had expired, although it will be extended until February, 1997. She noted that most of the people in the complex are disabled and/or low income and she questioned where they would go.

Sara Shortt, 2110 SE 12th, #302, 97214, Oregon Housing Now Coalition, said they are greatly concerned that the money be allocated to meet the area's greatest needs. The needs have been clearly documented in recent years: the Consolidated Plan; One Night Shelter Count; and other reports. The documents show there are over 4,000 families eligible for Section 8 assistance and there are over 2,000 homeless per night (1995). In addition to losses previously mentioned, Ms. Shortt added the threat of conversion of 919 of the privately-owned, HUD subsidized housing units.

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Jeanne Staehli, 317 SE 62nd Avenue, 97215, member of HCDC, said there are other, non-cash tools that could be used to stimulate the market to develop higher-density, innovative housing.

David Bell, 2164 SW Park Place, 97205, a housing developer, said it constitutes a major policy change to have substantially all the City money flow to housing subsidies for the lowest-income households. If this policy is adopted, a number of other important City goals will not be served, including mixed-income and higher-density housing, which the market will not support without some subsidy. Subsidies that go into moderate and market-income housing projects are all in the form of loans. The more money allocated to the lower-income level, the fewer units will be built, and it is less likely for that money to come back into the City coffers to be recirculated.

Marcia Moskowitz, 620 SW 5th, 97204, Cascade Aids Project, said their clients are typically people who have worked but have ended up on disability and housing is their greatest need. People in stable housing are less likely to spread the disease.

Bobby Weinstock, 1137 SW Broadway, 97205, said there is a difference between people who need a spot for their car and those who live in their car.

Wayne Rembold, 1022 SW Salmon, #450, said his company was developing the old Russellville School site into 300-400 units and the project would not work unless they got help.

Mayor Katz asked what they would do if the allocation were different and there were not enough resources.

Mr. Rembold said they would build it in phases.

Jeff Merkley, 5311 NE 15, 97211, Human Solutions, said the problem will get worse as wages may go up about three percent while housing costs go up 10 percent. This is a good time to create a fund to allow innovative solutions. The HCDC proposal is an excellent balance.

Tasha Harmon, 802 SE 27th Avenue, Affordable Housing Working Group of the Coalition for a Livable Future, said she has worked on affordable housing issues in several other parts of the country and it is clear that Portland and the metro region are far too dependent on subsidy dollars as the primary tool to meet affordable housing goals. Other tools such as minimum density requirements, reduction of regulatory zoning barriers, replacement ordinances and inclusionary zoning density bonuses are needed to move the private sector to take a stronger role.

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Commissioner Hales asked which other jurisdictions the Coalition has approached.

Ms. Harmon said they have been working with Multnomah County to try to move them toward a county-wide fund which they hope would transform itself into a region-wide fund. They just completed a survey of every jurisdiction in the region to see which of the tools she mentioned are actually in place. They are working with Metro on a housing policy chart for the Fall to see what, beyond expanding the urban growth boundary, can be done on a structural level. Metro Councilors asked her to draft a separate title for Phase 1 of the Regional Framework Plan to address affordability issues' goals and standards for review by other jurisdictions.

Commissioner Hales said the City has put general fund (property tax) money into a housing program and asked, as this is a regional problem, which other jurisdictions have been asked to do the same by the advocacy groups.

Ms. Harmon said the Coalition has worked on building support across the region so, rather than Portland advocates asking Beaverton to put in money, Beaverton advocates will be making that demand of their authorities.

Mayor Katz said the City could review its code for changes that would help, such as having Margaret Mahoney, Bureau of Buildings Director, ask State approval to increase frame building construction from four to five stories.

Helen Barney, 135 SW Ash Street, HAP member, said it seems clear that the critical issue here is whether to have more units that are less affordable or fewer units that are more affordable.

Jimmy Bacca, 310 NW 6th Avenue, Visions and Actions Sisters of the Road Cafe, said many other problems hinge on the housing issue.

Disposition: Continued to May 29, 1996 at 2:00 p.m.

Items 899 through 910 were carried over to the 2:00 p.m. session.

At 1:45 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 29TH DAY OF MAY, 1996 AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Britta Olson, Acting Clerk of the Council; Ruth Spetter, Senior Deputy City Attorney; and Officer Steven Regalado, Sergeant at Arms.

900 Establish 1996 - 1998 Fair Wage policy for formal service contracts (Ordinance)

Disposition: Continued to May 29, 1996 at 2 p.m.
Passed to Second Reading June 5, 1996 at 9:30 a.m.

901 Rename Economic Improvement Fund as Property Management License Fund (Ordinance; amend Code Chapter 5.04)

Disposition: Continued to May 29, 1996 at 2 p.m.
Passed to Second Reading June 5, 1996 at 9:30 a.m.

905 Amend Title 17 of the City Code to revise solid waste and recycling collection rates and charges in accordance with the 1996 Extraordinary Rate Review (Second Reading Agenda 794; amend Chapter 17.102)

Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170185. (Y-3)

907 Prescribe the rates and charges for water and water-related services by the City of Portland during the fiscal year beginning July 1, 1996 to June 30, 1997 and fix an effective date (Second Reading Agenda 796)

Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170186. (Y-4)

899 Accept the Housing and Community Development Commission income and activity allocation guidelines for the Housing Investment Fund (Resolution)

Discussion (continued from the 9:30 a.m. session): Jan Burreson, Executive Director, Portland Development Commission, thanked Council for allocating the

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money for this fund. PDC is an implementing agency that carries out Council policies and provides oversight to make sure they are effective stewards of these resources. PDC is here for Council's guidance and decision on what, so far, has been described as two housing goals which are not necessarily mutually exclusive. She said it is essential to provide a resource for low-income housing, which PDC supports and has carried out and, on the other hand, PDC is accountable to meet the Livable City goals and to support the 2040 goals. There is a third set of goals, those that have been adopted by Council through the Albina Community, the Outer Southeast and Central City Plans. Those goals call for a variety of housing resources. There are about 46 projects in the pipeline on which developers have come forward and are ready to go and would be a pure market allocation.

Michelle Haynes, PDC Director of Housing, said there are four Housing Resource Allocation Scenarios under discussion. PDC was asked to focus on two things particularly: how well each Scenario meets the Livable City housing initiative goal of assuring 2,500 units annually; and how well they meet the loan requests in the PDC rental pipeline now. Based on historical trends and the Hobson Report, about 1,300 of the annual 2,500 units need to be publicly subsidized. To meet the Livable City housing goal, 2,600 units have to be subsidized over the next two years. The HCDC guidelines take federal money into account. The PDC analysis took into account all monies available to produce housing. There is about \$5 million in tax increment funds and \$6 million in general fund and other funds set aside for the production of about 192 units of very low-income housing, not including the shelter. She said they looked in the pipeline for the project requests that could be pushed down for the lowest possible income level. If those projects are subsidized more heavily and asked to drop the rents, the non-profit and Housing Authority-sponsored projects are likely to follow. In Scenario 1, the HCDC recommendation, PDC estimates that up to 2,200 units could be produced, but that would require it to turn down 1,560 units currently in the pipeline which would be built if the money were available. Of the very low-income units in their pipeline, including the 192 just mentioned, there is a total of 305 units. Scenario 2, Commissioner Kafoury's recommendation, substantially reduces the number of low units, as opposed to very low, and does nothing at the higher end. That would mean 2,460 units, very close to the goal, yet still short 1,000 units. Scenario 3, Commissioner Kafoury's adjusted recommendation, shifts \$3 million from the very low income category to the moderate, producing over 200 units of moderate housing and losing 85 units of the very low. Ms. Haynes said the only thing PDC has a position on is to really take advantage of the flexibility of the general fund money. More money needs to be allocated to the innovative fund in the moderate range--the one with no strong restrictions.

Commissioner Hales asked if she would change the instruction in the plan to state that all innovative projects must be mixed income.

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Ms. Haynes answered yes, although it is reasonable to require them to be mixed-income, to encourage flexibility and innovation restrictions are probably counterproductive. Scenario 4 is based on what the pipeline requests are--there are about 3,400 units now. If funding were based purely on market demand, throwing out the needs-based analysis altogether, they could fund close to 3,200 units and turn down 200, as they have more project requests than money. There is a \$3 million shortfall which was allocated on a proportional basis. Under the other three Scenarios, they were able to fund all of the 0-30 percent for which they have proposals.

Commissioner Lindberg asked if 100 percent of the projects in the pipeline will go through.

Ms. Haynes said they do not. Close to a dozen in the pipeline will not be built. Even if they were to try to fund the pipeline without any guidelines, their analysis indicates they would be short 200 units. Ms. Haynes said there would be production at the 0-30 level if Scenarios 1 or 2 were adopted, but it would take a year. This is a two-year budget. She added it would be very difficult to meet both the Livable City goal and the affordability goals of the HCDC recommendations simultaneously. As the implementing agency, PDC would like clarification on which goal Council regards as most important.

Commissioner Hales asked what position PDC took, as it is the implementing agency given the responsibility from Council to carry out its housing agenda.

Ms. Burreson said PDC has not taken a position on which goal is most important.

Mayor Katz asked why PDC did not take a position.

Ms. Burreson said neither PDC nor the staff took a position because the responsibility for coming up with a recommendation and holding public hearings was assigned to HCDC. The PDC Board has held meetings in the neighborhoods and has been keenly concerned with implementing the Downtown, the Albina Community and the Outer Southeast Plans. It has also tried to allocate funds to implement its five-plan for a balanced housing agenda. That is why under these Scenarios the tax increment fund, which PDC has used for a whole variety of housing levels, is being allocated at the upper income. PDC is uneasy with that as they do not like the notion that they are only funding market-rate housing whereas they are using other City resources to fund lower income. PDC asked to administer and mix all these funds. The tax increment dollars were put into the market-rate category as the Board feels a balance of income levels is needed based on what it has heard from its downtown partners, and inner northeast and outer southeast residents, so that people can move up within their own neighborhoods.

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Mayor Katz said the problem is that tax increment financing is not available to every neighborhood.

Commissioner Kafoury said the Hobson Report was very clear that the subsidy for market rate is needed downtown and not as much in the neighborhoods.

Commissioner Hales said PDC is charged with Council's development agenda and is now charged with the housing agenda. He asked if PDC declined to take a position in the meetings with HCDC.

Mr. Burreson said it is not PDC's responsibility to overrule the HCDC work.

Commissioner Hales asked again if the PDC Board took a position.

Ms. Burreson said the Board took a position on the allocation of PDC resources through Council's budget process, knowing HCDC's recommendation. The Board declined to overrule or take a position in opposition to HCDC's work.

Commissioner Kafoury said Council agreed in January to the guideline that HCDC and the Livable City Housing Council would discuss the recommendations. PDC was never asked to get into it.

Commissioner Hales noted that since then Council assigned its housing agenda to PDC.

Ms. Burreson said throughout the budget process, PDC took the block grant funds with their guidelines and took the need for a mixed-housing income agenda (about which the Board feels very strong), and said the tax increment resources will be allocated to the upper market. The position the Board has taken, after listening to the community, is to mix the funds for a balanced housing agenda. She added that PDC has not come up with its own set of policy recommendations--the Board was not directed to do that and did not feel it would be appropriate.

Commissioner Hales said in an Informal Council meeting the decision was made that PDC was to be the City's housing agency (although he did not agree with it). They were given a mandate and told to build 2,500 units a year. He added that PDC has a responsibility on the policy, as well as program, level. They have not chosen to weigh in on the policy question, other than to do some excellent analysis.

Commissioner Kafoury pointed out that the resource does not occur until July 1st.

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Ms. Burreson said the analysis says, if Council wants 2,500 units, 1,300 units a year would have to be subsidized. Scenario 3 comes closest to balancing the desire to fund a low-income housing agenda and also meet the Livable City goal. A tremendous amount of the testimony today stressed that the other City goal, affordability, outweighs the Livable City goal. Council needs to give them direction when there are two not totally compatible City goals.

Mayor Katz said, for fairness, there are two commissions, one dealing with the policy recommendations and the other with implementing them. One of the things that holds this Council together is the commitment not to expand the Urban Growth Boundary as well as meet the housing goals. Mayor Katz said she asked PDC to reconfigure this to still keep the low income goal but stretch a little to meet the housing goal, especially for those projects now on the table. She prefers Scenario 3.

Commissioner Hales asked about the "projects in the pipeline." Did these come to the Livable City Housing Council or PDC on the assumption that housing investment fund resources would be available?

Ms. Burreson said that was correct, but not just the housing investment funds. It was knowing there would be tax increment resources and block grant funds, too. There is always a group of developers working on the next generation of projects.

Ms. Haynes said it is fair to say many of the projects in the pipeline assumed that housing investment funds would be available. PDC has stressed all along that the guidelines were not in place and could not guarantee that funds would be available.

Mayor Katz said she has always seen guidelines as flexible, but she has heard the strong desire for less flexibility. Although it bothers her, it gives the community a sense of certainty about the allocations. Whatever Council decides, PDC should come back with a report every quarter so adjustments can be made in a timely manner and in a public hearing.

Commissioner Kafoury said the Livable City Housing Council did not complete its work. Their mission was not just to hand out the housing investment funds, but to look at other ways to finance market-rate housing, remove regulatory barriers and a number of other things. She and the other Council members need to take responsibility for that. Commissioner Kafoury said she is sure PDC has not even begun to explore what the market could do for them. There has been one meeting under the aegis of PDC, attended by herself and Mayor Katz, with bankers who proffered a lot of ideas. There is untouched opportunity in that sector. She noted that Council turned down a proposal at 82nd and Sandy for 200 units. The need

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is to get resources available for the very low income projects. Although she had not been contacted by Council members about the guideline procedure, as they said they would do, she asked Ms. Haynes to come up with Scenario 2--trying to get more of the pipeline projects funded. The only analysis she has seen is the Hobson Report which states the need for subsidy downtown, while there is five years of analysis from HCDC. Each year the assumptions have been revisited. If PDC does not step up with the resources for 400-500 units, they can start going after the market rate. The market need for that has not been analyzed and Commissioner Kafoury cannot accept a developer stating a need for \$15,000 for a parking space.

Mayor Katz said they were not talking market rate, it was moved from 61 to 80 percent.

Commissioner Kafoury responded that some of that is very close to market.

Commissioner Lindberg said the difference between Scenarios 2 and 3 is essentially a minor one. A loss of 85 units of the 0-30 percent, the most difficult to produce, will gain 219 units in the 61-80 percent. Scenarios 2 and 3 are so close, why not choose 2 when there is so much more bang for the buck for the low income?

Mayor Katz said that 61 percent is as close to 50 percent as 80 is to 100 and asked roughly how many were in the 60 percent.

Ms. Haynes said there are several hundred requested that could not be funded. PDC's assumption is that they will be funding close to the 60 percent level. It depends on which projects make it through the chute. There are many more requests in the 61-80 percent category than there are resources, even with the \$3 million. Of 600 requests in that category, 200 can be funded (in Scenario 3), so then the question is which 200. Scenario 2 has none in the 61-80 percent category. Ms. Haynes noted that the Scenarios were modeled on the 2,600 units and the 61-80 percent is the one where there are no resources.

Commissioner Hales agreed that 100 units' difference in the total is not that crucial, but the City needs some credibility and momentum in the housing market. Until recently, the City has had its head in the sand about its market share with respect to regional growth. Now, fortunately, the City is getting its market share but it must do so every year from now on to have Metro's minimal expansion of the Urban Growth Boundary work out. The housing agenda should be balanced across income groups. He noted that all four of the Scenarios do a better job than is being done now in very low income. There are many people who cannot afford a single family or market rate multi-family unit in the 61-80 percent.

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Mayor Katz said they should try to move ahead on some of these projects, keeping faith with the 0-30 and 31-60 they have available to them.

Commissioner Kafoury said it will take nearly to the end of the calendar year to do a Request For Proposal (RFP) for the very low income.

Commissioner Lindberg said if all the money were not spent, then they could move ahead with other projects.

Commissioner Kafoury said that defeats the purpose of the guidelines, but they can be revisited.

Mayor Katz said they should get the RFP's out to see what they get and the cost and then come back and make the decision regarding the 61-80 percent.

Ms. Burreson asked if Council were essentially adopting Scenario 3 and asking PDC to raise the market for the very low income.

Mayor Katz said there is a question about the community capacity to get some of these built. This is not an elegant solution.

Commissioner Lindberg said it would be moving ahead while reserving an option.

Ms. Burreson said an implementing agency needs flexibility to work through the projects. Based on what the private lending community has told PDC, she is most interested in which can be developed as models so some projects can move on to the secondary market.

Mayor Katz said resources are needed for mixed projects to reach the goal of having the secondary markets accept the risks.

Ms. Burreson said they would be happy to be given provisional direction and come back with more precise analysis for further direction. The PDC Board is working with the neighborhood partnership fund to see if they can work with the non-profits to get projects in the pipeline. It should look very different six months from now.

Commissioner Lindberg noted that a fair amount of money is invested to get into the pipeline and even now there are 797 units that could not be funded. He said this was a good discussion and it had to occur at some point in time.

Ms. Haynes said they had a number of choices and staff will work like crazy. This is just the best information at the moment.

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Mayor Katz asked Ms. Haynes what she would like to hear from Council despite the mixed sentiment.

Commissioner Kafoury said that is not a fair question to ask.

Mayor Katz said she asks it all the time--that is why staff is hired.

Ms. Haynes said either Scenarios 2 or 3 are okay. Scenario 3 gives them the flexibility to fund projects at the 61-80 percent level. If it is adopted provisionally, the money will go away/be used. If Scenario 2 is adopted provisionally, the projects are waiting in the queue, contingent on spending money at the low end. She asked if this was the sense of Council's proposal--adopt Scenario 2, get very low-income project proposals underway and, if in six months they cannot, then shift money into one of the other income levels. Ms. Haynes said the most time-sensitive tend to be at the low end, because all the other financing sources have their own funding deadlines.

Mayor Katz asked what the allocation distribution would look like in the next six months.

Ms. Haynes said it would come more in line with Scenario 2 because there will be substantial interest within the non-profit community in the very low income. Proposals will come in but they will be in an early phase so there will be a time lag.

Mayor Katz asked what could be built in the next six months.

Ms. Haynes said the projects they can do, not build, are basically reflected in Scenario 4.

Commissioner Hales said it seems Council is uncomfortable with Scenario 4 as the low-income allocation is much too small.

Commissioner Lindberg said Scenario 1 is far too short of their units goal.

Commissioner Hales said if Scenario 3 were adopted for six months and Scenario 2 thereafter, at least people would know there is a significant portion of this fund reserved for very low-income projects. It is a gamble. If all the projects in the queue are approved, some of the money will be used up, although a fair portion of the housing agenda will be accomplished. He said this does not seem like a bad problem to have.

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Mayor Katz added that all the projects in the 0-30 percent of the queue would be built.

Commissioner Kafoury said she would vote no and is frustrated that Council members did not talk about this or call her.

Commissioner Lindberg said they were getting pretty close, if they were down to 2 and 3.

Mayor Katz said they could split the difference between Scenarios 2 and 3.

Commissioner Kafoury said she would vote for that.

Mayor Katz said while this is more delicate than the first solution, it is not the way to make public policy.

Commissioner Hales moved to accept Scenario 3 for six months and move just \$1.5 million (not \$3 million) from the very low income to the 61-80 percent.

Commissioner Kafoury seconded. Commissioner Hales said this would at least give PDC some guidelines.

Mayor Katz asked PDC to come back in three months so Council can monitor this. She noted there is still a tremendous amount of work to be done by the Housing Council.

Disposition: Resolution No. 35521 as amended. (Y-4)

***902** Authorize a contract for remodel of Bureau of General Services Facilities Services offices in the Portland Building, 12th floor and provide for payment (Ordinance)

Disposition: Continued to May 19, 1996 at 2 p.m.
Ordinance No. 170187. (Y-4)

Commissioner Mike Lindberg

***903** Amend Ordinance for a period from July 1, 1996 through June 30, 1997 to reduce the solid waste franchise fees to four percent (Ordinance; amend Ordinance No. 164701)

Disposition: Continued to May 19, 1996 at 2 p.m.
Ordinance No. 170188. (Y-4)

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- 904** Amend Title 17 of the City Code to eliminate the Drainage Fee Discount Program for commercial properties (Second Reading Agenda 844; amend Chapter 17.36)

Discussion: Sue Keil, BES Business Services Group Manager, said drainage is complex. The drainage budget is primarily related to the Department of Transportation, in such things as maintenance and repair of stormwater drainage facilities (generally in the public right-of-way), sewer cleaning and repair, and street sweeping. The next largest component is environmental planning in both surface water and CSO areas. Of the \$2.92 monthly charge per 1,000 square feet of impervious area, about 10 percent is related to private property stormwater runoff. The balance is related to the public good in transportation areas. There are several options for compensation alternatives for drainage discount recipients. The first, a recommendation from PURB to retain the drainage discounts through December 31, 1996, has a budget impact of \$178,000 and has been submitted in the budget and funded by the proposed rates. A second option is to put the discount on the same time schedule as the residential program, which Council voted to discontinue in October, 1998. The third option is similar to that being offered residential customers, a one-time buyout equal to the present value of the first (PURB) option. The fourth option would offer a one-time lump sum payment equivalent to the extended program (Option 2). Options 1 and 3 are funded by the budget existent rates and the other two would increase the drainage fee--about \$.11 a month for a residential customer. Ms. Keil said about 280 commercial customers are getting a discount and of those 20 installed some kind of onsite retention facility during the discount period. The appeals process is still available through any of the four options.

Commissioner Hales said one of the questions during the first reading of this ordinance dealt with people who made the investment for reasons of regulatory compliance and went ahead with it because they got a discount.

Ms. Keil cited Pete Kasting, Senior Deputy City Attorney, who said, in compliance with the Charter, people cannot be compensated who put in onsite drainage for permit compliance or other reasons.

Ms. Keil said only about 20 commercial customers qualify for installing onsite drainage because of the discount.

Commissioner Hales said some people relied on Council's word that there would be some benefit to do this.

Commissioner Lindberg said he recommended Option 1.

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Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170189. (Y-4)

- 906** Amend Title 17 of the City Code to revise sewer and drainage rates and charges in accordance with the annual sewer user rate study (Second Reading Agenda 795; amend Chapter 17.35 and 17.36)

Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170190. (Y-4)

City Auditor Barbara Clark

- *908** Create the SW Palatine Street from SW 43rd Avenue to SW 45th Avenue and SW 43rd Avenue R/W to Arnold Creek Local Improvement District (Hearing; Ordinance; C-9855)

Discussion: Dan Vizzini, Liens and Assessments Manager, said Council had been given a report on the project from the City Engineer. He thanked the property owners who came for the morning session for their patience.

Lola Gailey, Transportation Engineering, described the project, noting that it falls within an environmental zone and is under provisions of the Southwest Hills Resource Protection Plan. Due to the sensitive nature of the environment, the project includes a water quality swale and energy dissipater at the outfall to Arnold Creek and there will be stream restoration on existing erosion. Blackberries in the unimproved right-of-way will be removed and replaced with native vegetation and trees. She said they received one remonstrance and a letter of objection about the higher cost due to the environmental review process. The eastern half of the project is undeveloped lots, the majority of which are planned for development, and the construction of a street and storm sewer would be required. Staff recommends the remonstrance and letter of objection be overruled.

Matt Long, 1191 SW Steamboat Drive, Beaverton, 97005, said he submitted the letter of protest. He works in civil engineering and landscape architecture fields and has never seen costs as high as \$240 a linear foot. In checking around, he found that costs for even short, costly projects run \$100 a linear foot. When Council is trying to hold the Urban Growth Boundary (UGB) line, the message people hear is from their pocketbooks. The overlaying environmental zones create a higher cost which may not be in the best interest of the UGB.

Amanda Fritz, Land-use Chair of the West Portland Park Neighborhood Association, said they also question who should pay the costs of developing environmental zones but those who live there get more benefit from the project

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than the rest of the city. The Arnold Creek headwaters are very special and receive too little attention and protection. The public recently spent \$580,000 of the Metro Greenspaces Bond money to buy the property into which this improvement will drain. Metro staff is very concerned about runoff from this LID. If mitigation is not done now, the cost to the public will be greater. Runoff goes over the sanitary sewers further down the creek which could be exposed, as happened at Oak Creek. Neighbors (the developers) are willing to accept increased density if the environment is protected and they recognize the increased property values from the nearby greenspace.

Mayor Katz asked about the cost per linear foot.

Ms. Gailey said a standard estimate for an LID was done when this was initiated in 1993. Although they knew it fell in an environmental zone it was their first such E-zone project and they did not realize the extent of the work to be added to this. In working with BES, Planning Bureau and the neighborhood association, several features have been added to address water quality, sedimentation, flow velocity and other such issues. She said they spent well over a year on the project's environmental review. Total cost of all the environmental issues is just over \$100,000.

Commissioner Hales asked if this is for additional construction or process costs.

Ms. Gailey said there were three separate pieces: 1) the construction items, \$10,000; 2) right-of-way clearing and replanting with two-year maintenance, \$45,000; and 3) an additional \$50,000 in engineering. As this was a substantial increase over the original quotation and it would be unfair for property owners to bear the total cost of the environmental issues, the Bureau of Transportation and BES committed to pick up two-thirds of the environmental costs. Out of the project's total of \$244,500, the City is picking up \$106,000.

Mayor Katz said this must be good news to the property owners but she does not understand why the City is picking up the costs.

Ms. Gailey said there are only 11 property owners and the initial cost quoted to them was only about \$150,000.

Commissioner Hales said everyone benefits from this state-of-the-art storm drainage.

Mr. Vizzini said when extraordinary expenses were incurred due to such things as technical problems or changes in regulation in the past, the Bureau of Transportation Engineering took those costs out of the property owners' shares.

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Patty Nelson, BES, said when the project was initiated in the preliminary petition BES said it would pay for out-of-district costs. Out-of-district is in the environmental zone and therefore those cost impacts were included in the BES coverage.

Mr. Vizzini said they looked at the estimated assessments in relation to the property values and the developed properties are completely in line with what local street improvement costs should be.

Mayor Katz asked if these environmental items are critical to the E-zone and the protection of Arnold Creek.

Ms. Gailey said the Bureau of Planning said the items were all very necessary. Otherwise, water will be dumped into the Arnold Creek headwaters.

Commissioner Hales moved to overrule the remonstrance and objection and Commissioner Lindberg seconded.

Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170191. (Y-4)

***909** Create the SE Ankeny Street from SE 97th Avenue to SE 99th Avenue Local Improvement District (Hearing; Ordinance; C-9877)

Discussion: Dan Vizzini, Liens and Assessments Manager, said this was a small Local Improvement District and one remonstrance has been received. Transportation staff recommends overruling the remonstrance.

Lola Gailey, Transportation Engineering, said this is a two-block project initiated by a property owner who owns 63 percent of the property along the front and has a business. She said building this street was in line with her bureau's transportation goals.

Claxton Welch, 9721 SE Ankeny Street, 97216, said he was representing his mother Cornelia Welch and his sister, Gayle Shockley. He said they are not opposed to the street improvements but do seek an equitable assessment as the costs are disproportionately assessed. His mother has lived in her home for 40 years and is now on a fixed income. She feels she is being forced to subsidize an improvement which will have little benefit for her and her family and that the street will most benefit the recently constructed office/retail complex at 99th and Ankeny. Mr. Welch said they did not oppose a variance for the complex parking lot and they do not oppose growth and improvement, but as the complex has the major impact, it should pay the majority of the costs.

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Robert Ochs, 1135 NE 137th Avenue, said he owns lots on SE Ankeny with an industrial building on the property. There is 100 feet of paving going past the front of the building and he does not want this improvement as he does not need it. He, also, did not object to the complex parking lot and set-back but now the planners say more parking will be necessary for this two-story building. The 200-foot parking lot will be on Ankeny to serve a building on 99th and Burnside. Mr. Ochs said another nail in the coffin is that the estimated cost has increased from \$65,800, plus driveways, to \$116,708, plus driveways.

Commissioner Lindberg said there are LIDs that are driven by one, large property owner and while neighbors are caught in the net, they do benefit from the street. He asked if this were driven by one person and about the equity.

Mr. Vizzini said there was one petitioner and no waived properties. In a case like this, when the petition comes in, staff determines what is the practical thing to do--is it technically feasible, does it fit the City's transportation goals and will the project fly. Given the size of the chief petitioner's district share, it appears Transportation did not carry the petition to any other property owners, which is a legitimate way to bring a project into the City for its consideration.

Mayor Katz asked why the project went another two blocks.

Ms. Gailey said it is best to pave intersection to intersection and this would improve connectivity in the area.

Commissioner Hales said this area was substantially upzoned in the Outer Southeast Plan--it is in the Gateway commercial district.

Mr. Vizzini said the chief petitioner's share of project costs is about 65 percent of the total cost of the project, which is almost exactly equal to their petition share. The project was done based on total area of the lots.

Commissioner Lindberg asked if there were a policy option to shift more of the burden to the petitioner.

Mr. Vizzini said trip generation is not a method used in a project. It has been considered in commercial zones, but not in residential zones. He mentioned that the elderly property owner may be eligible for the State Deferral Program.

Commissioner Hales said there is a mechanism for these LIDs and they try, with a combination of Bancrofting or deferral programs, to keep the impact to the least painful level. He said at least, over time, the upzoning of this district will probably prove beneficial.

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Mr. Welch said the future value is not meaningful to his mother.

Commissioner Hales asked Mr. Vizzini to explore the options for these property owners and, given the policy, he moved to overrule the remonstrances and objection. Commissioner Kafoury seconded.

Disposition: Continued to May 29, 1996 at 2 p.m.
Ordinance No. 170192. (Y-4)

910 Request by Ken Morris to address Council (Communication)

Discussion: Ken Morris, 6902 N. Missouri Avenue, asked Council, as a member of Portland's transsexual community, to vote to include transsexuals in Portland's human rights ordinance. He urged Council to review the Metropolitan Human Rights Commission's (MHRC) hearings on the level of discrimination faced by transsexuals in employment, housing and public accommodations. He acknowledged they were a small minority, but no minority population should have to meet a size requirement to merit equal protection under law. Scientists believe transsexuality has a biological basis resulting in gender identity disorder. Some people believe transsexuals are protected under laws preventing discrimination on the basis of sex or sexual orientation. Mr. Morris said he wished this were the case but the courts interpret the law narrowly to exclude them. To be protected, they need to be specifically included in the human rights ordinance.

Mayor Katz said that measure was not before them, but it is coming back. The City Attorney's Office is working on this with MHRC.

Disposition: Continued to May 29, 1996 at 2 p.m.
Placed on File.

911 Accept findings to reflect the May 23, 1996 decision on appeal of Downtown Community Association against Hearings Officer's decision to approve application of Downtown Development Group for a Central City parking review for a 550-stall parking garage located on a full "half block" bounded by SW Park and 9th Avenues and SW Yamhill and Taylor Streets (Hearing; 96-00074 PR)

Discussion: Mike Holstun, Senior Deputy City Attorney, said he had received no questions from Council's staff or the interested parties.

Commissioner Kafoury said she appreciated the explanation of the desired character issue.

Commissioner Hales moved to adopt the findings as provided and Commissioner

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Kafoury seconded.

Disposition: Findings Adopted. (Y-3; N-1, Lindberg)

Commissioner Charlie Hales

- 912** Consider request of Pravin Patel for Comprehensive Plan Amendments and Zone Changes for a full city block between SE 88th and 90th Avenues and SE Powell Boulevard from R1, Residential, to a combination of CG, General Commercial; CM, Urban Commercial; and RX, Central Residential (Hearing; LUR 93-00002 CP ZC)

Discussion: Al Burns, Planning Bureau, said, this is a request for a Comprehensive Plan amendment which, according to the Planning Code, automatically comes before Council. The Hearings Officer recommends that the request for General Commercial and the mixed CM and RX zoning for this block not be approved and the Planning Bureau concurs.

Mr. Burns said the case began in 1993 when it was zoned R1. By the time the Hearings Officer rendered her decision, the Outer Southeast Plan was well underway and the applicant was advised to participate in that plan. Mr. Burns described the existing zoning in the area around the site. The applicant requested RX zoning for a quarter of the block to meet the requirement to mitigate housing loss. There was no substantial evidence presented before the Hearings Officer that any of the approval criteria for a Comprehensive Plan amendment had been met. Testimony centered on traffic impacts. The applicant's proposal would increase traffic from housing and commercial trips and traffic capacity for 88th and Powell was already used. The applicant's amendment request for CG zoning through the legislative process was met by Council's approval of CM zoning on this site, providing for both commercial and housing. Mr. Burns noted the applicant has a draft permit application for a mixed-use development under the existing CM zoning. That matter is not before Council today and is not even an application for a permit yet.

Gene Pfeifer, PO Box 396, Silverton, Oregon 97381, said he represents a family-owned, 51 year-old company. He said they are trying to work with the zoning, CM, that Council came up with. Mr. Pfeifer said they want to do a good mixed-use development. They understood they would have a designated staff person to work with them and when they were finally told who it would be, last Tuesday, they learned she would be out of the office until this Monday. Mr. Pfeifer delivered a brief to the staff on this Tuesday at noon.

Commissioner Hales asked if Mr. Pfeifer if he wished to withdraw the zone change application.

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Mr. Pfeifer said he is not an attorney and his company is a design/build organization and he has advised Mr. Patel that this would be good for mixed use.

Ms. Spetter, Senior Deputy City Attorney, offered a clarification. Council has before them requests for a zone change and Comprehensive Plan amendment, which staff has recommended against. The applicant, himself, is not interested in going forward with what is before Council today but has a concept he wants to present to Council that relates to the zoning the Council actually placed on the property some time ago. If that is the case, Council may choose to consider it at this time or not.

Commissioner Hales said they could not do a development review of that proposal under the current zoning in this quasi-judicial land-use hearing.

Mr. Pfeifer said his intention is not to get a decision from Council but to bring up some things which need to be done relative to policy and how the staff functions. His brief specifically requested a meeting with the Planning Director and he finally spoke to him about noon today. The City has a pattern of trying to provide housing, livability and things in the Comprehensive Plan directed toward this type of use. It does not function that way because the way staff looks at it is so stagnating. He and others in the private sector need some help, which is what he is asking for.

Commissioner Hales said Council could give him three minutes to make a point about the development and review process.

Mayor Katz asked what outcome he expected from Council.

Mr. Pfeifer said the CM zone is intended to encourage mixed-use of residential and commercial with more residential than commercial. The end result of Mr. Patel's proposal is 50-50 residential/commercial use. Mr. Pfeifer said this project would have to be done in phases. Phase 1 would put in motel and apartment units, but there is a section of Code which says a parking lot cannot be put between a building and an arterial. Until Phase 2 goes up, Mr. Patel intends to put a park-like setting next to the arterial so the parking lot would be between the building and park-like setting. Mr. Patel has been working with staff for two months. His proposal is in complete compliance with the CM zone, except since it is in phases, staff says it does not work.

Commissioner Kafoury moved to deny the request and Commissioner Hales seconded. (Y-4)

Commissioner Hales said he hopes Mr. Pfeifer and Mr. Patel have complete and

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frequent conversations with the Planning Bureau about current plans and revisions. Council would like to hear back whether or not the CM zone works as it was intended. There is a lot of development going on in the CM zone now and awhile ago property owners pointed out some glitches in the CM zone which were addressed by Code changes to make it work in practice as Council hoped it would in theory. Commissioner Hales said he is nervous about phasing in a mixed-used project as he has seen the first phase go in but not the others.

Mayor Katz said she had visited the site, not an easy one to develop, but one with enormous potential.

Disposition: Request denied (Y-4) and withdrawn.

- 913** Appeal of Henry F. Phillips, applicant, against Hearings Officer's decision to deny application to trim trees farther than 50 feet away of the SW Edgemont Place right-of-way (Hearing; 93-00381 EN DZ AD)

Discussion: Al Burns, Planning Bureau, said this appeal came to Planning on referral from the Bureau of Buildings, after the applicant had been cited for trimming trees in an environmental, conservation and protected zone of the forest corridor section of the Environmental Zone. The Hearings Officer's decision is in two parts: 1) forgive the past trimming violation provided a mitigation plan is carried out; and 2) do not approve any future trimming and limit any site development to 50 feet from SW Edgemont Place. The site in question is a double frontage lot in an R7 zone. The upper side of the steep lot is on Edgemont and the downhill side is on Terwilliger. Staff recommends approval of the Hearings Officer's decision. Mr. Burns said enforcement proceedings are difficult and Mr. Phillips has comported himself as a gentleman throughout, which staff appreciates.

Frank Phillips, 5632 SW Edgemont Place, 97201, said this has been going on for four years. He said none of the Planning staff has met him at the site. The property was a vacant lot in 1991 and, prior to buying the property, he had a hearing for a one-foot setback for the house from Edgemont. It was granted with conditions that he favored. He purchased the property and built his home in August, 1991. In January, 1992, the City put the overlay C zone on the upper side of the property. The property was advertised and bought for the view. In September, 1992, Mr. Phillips had a landscaper trim the trees--maple trees. In December, 1992, the City notified him by letter that he had violated the zoning. In a February, 1993, pre-app hearing with Nancy Wieser and Miriam Hecht he was told he had to go through a Level III Environmental application if he wanted to trim his trees in the future. He applied for that, at the cost of \$3,055, in April, 1993. In June, 1993, Susan Hopkins called to say his check and application had

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been held for minor changes and he received a receipt on June 7, 1993. In July, 1994, Al Burns faxed him to let him know he needed to reapply as there were new criteria. On July 28, 1994, he applied for a second application for \$440 and Mr. Burns said at that time 50 percent of the \$3,000 would be refunded. Robin McIntyre wrote in August, 1994, for more information on the second application. In November, 1994, Chuck Snell in the Planning Bureau assisted him with some minor changes and the application was finally properly filed on November 21, 1994. The Hearing was on August 15, 1995, at which time the Planning Bureau recommended denial of the application to trim trees farther than 50 feet from Edgemont. During this lengthy process, immediate neighbors have cut down all sorts of trees and the City has only told them to plant a few more. Mr. Phillips said he is the only person on the hillside to trim his trees properly and the only person who has spent all this time and money.

Commissioner Kafoury said this sounds like government to the extreme and Mr. Phillips could be lucky that this Council session has been so long and it is so late.

Walt Amacher, Executive Director of Friends of Terwilliger, said he is sensitive to Mr. Phillips' problems and it does not have to do with just Terwilliger. It runs throughout the west hills where there is second growth, newly planted landscapes and encroachment on views. He recommends that Council support the Hearings Officer's denial. The denial was based on the environmental zone regulations in effect and the Terwilliger guidelines that have been in effect. There are a great many other people dealing with this issue. He noted some people cut trees illegally and come in after the fact to ask for approval.

Commissioner Hales said Council supports Friends of Terwilliger and Planning Bureau staff has tried to enforce a sometimes difficult tool, but Mr. Phillips has been treated shabbily by the system and the effect has been absurd and unfortunate. The policy of how people in general can deal with environmental management and tree trimming in an E zone is important, but in this case Mr. Phillips has suffered enough. Commissioner Hales moved to overturn the Hearings Officer's decision and grant the permit. Commissioner Kafoury seconded.

Disposition: Appeal Granted (Y-4); applicant prepare findings.

- 914** Amend zoning code to better implement Cultural Resources Protection Plan for Columbia South Shore (Ordinance; amend Title 33)

Discussion: Bob Glascock, Planning Bureau, said this was a housekeeping ordinance to fine tune the ordinance adopted in April. Simply, the zoning map is being updated to reflect some archaeological confirmation testing that two

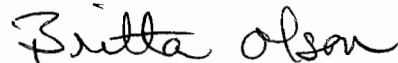
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property owners have completed and give them the credit. The format has been cleaned up to make it more readable and consistent but there is no change to the intent or substance.

Disposition: Passed to Second Reading June 5, 1996 at 2:00 p.m.

At 4:50 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland



By Britta Olson
Acting Clerk of the Council