



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19TH DAY OF JUNE, 1996 AT 9:30 A.M.

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

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

Agenda No. 1027 was pulled from Consent. On a Y-4 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 1021** Accept bid of G.R. Morgan Construction for Glenwood Park improvements for \$64,350 (Purchasing Report - Bid 198)

Disposition: Accepted; prepare contract.

- 1022** Accept bid of Ashbrook Corporation for belt filter press roller reconditioning and miscellaneous upgrades for the Bureau of Environmental Services for \$165,113 (Purchasing Report - Bid 202)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

- *1023** Pay claim of Catherine Carnochan (Ordinance)

Disposition: Ordinance No. 170249. (Y-4)

- *1024** Pay claim of Oak Hill Company (Ordinance)

Disposition: Ordinance No. 170250. (Y-4)

- *1025** Pay claim of Paul Barrett, et al. v. City (Ordinance)

Disposition: Ordinance No. 170251. (Y-4)

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*1026 Settle the claim of Stephen Hunter (Ordinance)

Disposition: Ordinance No. 170252. (Y-4)

Commissioner Charlie Hales

*1028 Authorize execution of Subsurface Lease Agreement with US West Communications, Inc. for space below the pedestrian mall area in Block B, South Auditorium, east of SW 4th Avenue (Ordinance)

Disposition: Ordinance No. 170253. (Y-4)

*1029 Contract in the amount of \$55,000 with L.B. Olsen & Associates dba: Access Engineering to conduct the Transit Preferential Streets Program Study (Ordinance)

Disposition: Ordinance No. 170254. (Y-4)

*1030 Agreement as a Permit and Right-of-Entry with the Port of Portland to enter upon Port property to sort slide material, remove woody debris and rocks, and subsequent spreading, grading and re-seeding of remaining clean soil (Ordinance)

Disposition: Ordinance No. 170255. (Y-4)

*1031 Authorize a shared parking agreement with Drax Corporation (Ordinance)

Disposition: Ordinance No. 170256. (Y-4)

*1032 Agreement with First Union Management, Inc.; First Union Equity and Mortgage; Mall 205 Merchants Association; and Mall 205 Shopping Center for Parks use of display space at Mall 205 (Ordinance)

Disposition: Ordinance No. 170257. (Y-4)

*1033 Grant revocable permit to The Friends of Forest Park to construct improvements to Lower Macleay Park (Ordinance)

Disposition: Ordinance No. 170258. (Y-4)

*1034 Amend Contract with Vallaster & Corl Architects, Inc. to expand scope of services, increase contract amount by \$450, and increase contract time (Ordinance; amend Contract No. 29709)

Disposition: Ordinance No. 170259. (Y-4)

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1035 Grant a ten-year property tax exemption to Walter McMonies, et al., for new multiple-unit housing on NW 20th Avenue between West Burnside and NW Everett Streets (Second Reading Agenda 987)

Disposition: Ordinance No. 170260. (Y-4)

Commissioner Gretchen Miller Kafoury

1036 Accept tile installation at Fire Bureau Training Center as complete; make final payment of \$159,983 to High Temperature Linings (Report; Contract No. 30322)

Disposition: Accepted.

1037 Appoint Michael Silver and re-appoint Willie Brown, Janice Frater, Sam Galbreath and Jeanne Staehli to the County-wide Housing and Community Development Commission (Resolution)

Disposition: Resolution No. 35527. (Y-4)

***1038** Contract with Community Energy Project, Inc., for \$102,501 for the Weatherization Workshop and Senior Weatherization Programs and provide for payment (Ordinance)

Disposition: Ordinance No. 170261. (Y-4)

***1039** Agreement with The Private Industry Council to operate the Graffiti Removal Response Program and provide for payment (Ordinance)

Disposition: Ordinance No. 170262. (Y-4)

***1040** Contract with the National Development Council for \$60,000 to provide professional services to the Bureau of Housing and Community Development in the area of alternative financing related to the Community Development Block Grant and other U.S. Department of Housing and Urban Development programs and provide for payment (Ordinance)

Disposition: Ordinance No. 170263. (Y-4)

***1041** Authorize the Commissioner of Public Affairs and the City Auditor to execute necessary documents to transfer title of Kennedy School to Kennedy School, Inc. (Ordinance)

Disposition: Ordinance No. 170264. (Y-4)

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***1042** Contract with Metro for continued use of Metro's Geographic Information System technology and staff expertise for use with BOEC's Emergency Dispatch System (Ordinance)

Disposition: Ordinance No. 170265. (Y-4)

***1043** Amend Contract with PRC, Public Sector, Inc., to increase total contract for computer hardware and software maintenance (Ordinance; amend Contract No. 28320)

Disposition: Ordinance No. 170266. (Y-4)

***1044** Contract with Burlington Water District, for fire prevention and suppression services (Ordinance)

Disposition: Ordinance No. 170267. (Y-4)

***1045** Enter into a sublease for space at 1211 SW 5th (Ordinance)

Disposition: Ordinance No. 170268. (Y-4)

***1046** Authorize a Purchase Order with Carlson Testing, Inc. for additional testing and field inspection services for the East Portland Community Policing Facility (Ordinance)

Disposition: Ordinance No. 170269. (Y-4)

***1047** Agreement for special inspections services for the renovation of City Hall with Carlson Testing, Inc. (Ordinance)

Disposition: Ordinance No. 170270. (Y-4)

***1048** Modify contract with Chris DiLoreto Architects for design of the North Precinct (St. Johns) Police Station (Ordinance; amend Contract No. 29497)

Disposition: Ordinance No. 170271. (Y-4)

***1049** Grant Permit to provide Specially Attended Transportation services in the city (Ordinance)

Disposition: Ordinance No. 170272. (Y-4)

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Commissioner Mike Lindberg

- *1050** Authorize revocation of superseded easement agreement and entering into revocation agreement (Ordinance)

Disposition: Ordinance No. 170273. (Y-4)

- *1051** Authorize the City Attorney to continue negotiations for the purchase of four parcels of land required for implementation of the Brookside Wetland and Stream Enhancement Project, commence condemnation proceedings if necessary, and obtain early possession (Ordinance)

Disposition: Ordinance No. 170274. (Y-4)

- *1052** Amend Contract with HDR Engineering Inc. to add to the scope of work, extend the time 90 days and increase the amount (Ordinance; Contract No. 30328)

Disposition: Ordinance No. 170275. (Y-4)

City Auditor Barbara Clark

- 1053** Certify abstract of votes cast at the Municipal Non-Partisan Primary Election held in the City of Portland, May 21, 1996 (Report)

Disposition: Accepted.

- *1054** Authorize permanent bonded lien interest rates for installment payment contracts financed by 1996 Series A Limited Tax Improvement Bonds (Ordinance)

Disposition: Ordinance No. 170276. (Y-4)

REGULAR AGENDA

- S-*1027** Authorize payment for the support, development and production of a National Rail Conference to be held in Washington, DC, September 8-10, 1996 (Ordinance)

Disposition: Substitute Ordinance No. 170277. (Y-4)

- *1020** **TIME CERTAIN: 9:30 AM** - Authorize acceptance of Regional Consortium Disparity and Employment Studies as Lead Agency on behalf of a Consortium of state and local governments (Ordinance introduced by Mayor Katz)

Discussion: Mayor Katz said this is an honest report, one that, while not always

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favorable, will provide a blueprint for improvement.

Madelyn Wessel, Senior Deputy City Attorney, said this report is a tool for problem solving in the community and may help other communities in their efforts as well.

Elizabeth McLagan, Portland historian, outlined the State's historical treatment of women and minorities, noting that they have largely been left out of the collective memories and never adequately heard from. She reviewed the exclusion laws and other restrictions which have deprived blacks and other minorities of equal treatment and opportunities.

Commissioner Lindberg asked Ms. McLagan if she was disappointed that mandatory set-asides cannot be considered.

Ms. McLagan said often jurisdictions have too readily abandoned available legal remedies. She said change takes a great deal of time, particularly as one goes beyond the successful few and finds solutions to the entrenched problems. She said she sees a lot of discouragement and despair among young people who believe their opportunities are limited.

Dr. Eleanor Mason Ramsey, Project Manager, Maston-Tillman Associates, thanked Ms. Wessel for her commitment to this project and introduced her staff. She noted that her company has completed 25 disparity studies, not one of which was legally challenged.

Gloria Wheatley, Senior Program Manager for the Employment Study, described the study methodology used to determine the adverse impacts of the apprenticeship program between 1991 and 1995. She noted that the greatest adverse impact was on Caucasian females, evidenced in part by their restricted work experiences. She then reviewed the recommendations for improvement.

Dr. Ramsey discussed the more general findings of the disparity study including the anecdotal findings. She listed some of the barriers created by prime contracts and suppliers, i.e. bid shopping, late payments, higher standards for women and minority subcontractors, as well as the barriers created by public agencies. She also noted programs and practices that were successful and should be built upon. Dr. Ramsey touched on the differences in perception of discriminatory treatment and barriers to opportunity between white male contractors and women and minorities. However, all groups listed the use of fronts as an abuse that denied access to opportunities by legitimate businesses. Greater monitoring and greater control of the good faith programs were requested of members of the consortium. Her recommendations, which have been narrowly tailored to the findings, in keeping with the Croson decision, are based on both the numerical underutilization findings and the anecdotal accounts. They include requirement by contractors to

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contact at least Minority Business Enterprises (MBEs) or Female Business Enterprises (FBEs) for each EFU (Economically Feasible Unit), establishment of a program to improve access to bonding and financial programs, increased monitoring of compliance as well as penalties for failure to comply, standardization of the bid process, and increased compliance training of staff. She also proposed more interagency cooperation, such as conforming contracting processes among all the consortium members. Certification, done at the State level, should ensure that companies are performing a meaningful service, not just a "pass through," and staff should be adequate to ensure that certification is done in an effective and timely manner. In order to implement the recommendations, she suggested that a working group be formed and directed to prepare recommendations and return with enacting ordinances within 180 days.

Commissioner Kafoury asked about the recommendation regarding the need for changes in the inspection procedure as it pertains to Portland.

Dr. Ramsey said the recommendations regard the level of training needed but the program is not specific to any one jurisdiction.

Commissioner Kafoury said the worry is that you end up doing a remedy when the program is specific to one State agency.

Dr. Ramsey said it is critical problem for all consortium members.

Commissioner Lindberg asked if set-asides or enforceable goals had been requested for any of the 25 communities that Dr. Ramsey's firm had prepared disparity studies.

Edward Norton, legal consultant for Mason-Tillman, said goals can be distinguished from set-asides as they involve something one has reason to believe can be reached based on availability as opposed to set-asides where a contract is awarded to a firm simply because a specific number must be reached. He said to do that there needs to be a showing in the study that this degree of rigidity is in order and it is very hard to find that.

Commissioner Lindberg noted that the study recommends goals only for Multnomah County, not Portland.

Mr. Norton said to do that they had to make certain kinds of findings and, for reasons having to do with the volume of contracts and accuracy of the data, they were unable to do so.

Commissioner Lindberg asked if data that would have allowed the City to set goals could have been gathered if there had been more resources available.

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Mr. Norton said given the effort expended to find out what the data was, he does not know if it would have been cost effective to spend funds to go at it for the fourth or fifth time. The problem was not with the resources but with the availability of the data.

Commissioner Lindberg said so, in effect, the City spent \$700,000 but since the data was not available, even with more resources the City could never have gotten to the place where goals were recommended.

Dr. Ramsey said the problem is that subcontracting data was not recorded by the City and the consultants had to turn to the business community and ask them to voluntarily provide the information. While businesses provided all that was readily available, an informational gap was found there too. Money was not the problem. The problem was non-existent data. The key is to track all the subcontractor information in the future.

Commissioner Lindberg said there are four parts to a pretty grim picture -- the history of racism in Oregon, the anecdotal stories, the statistics and the lack of good data. The recommended remedies, however, do not guarantee a specific result and the study shows that many prime contractors have been resistant to special programs targeted to minorities and women. He asked if there is a good prognosis that these remedies will really correct the current situation.

Dr. Ramsey said the picture is grim but the playing field can be leveled if these programs are implemented and adhered to. The key is whether the recommendations are implemented and whether there is accountability. At the front end, in terms of business formation, the sheltered market program provides a way to continue to bring smaller businesses in, giving them access. More mature businesses will survive if the playing field is leveled and there is equitable access to information and an open selection and evaluation process. If these practices are made a normal part of the way of doing business, there will be a change in that grim picture.

Commissioner Lindberg noted that the sheltered program applies to all small businesses, not just minorities. Because of the history of racism and opposition by contractors, he doubts the effectiveness and wonders if the statistics will still be grim three years from now. He also noted that a lot of the recommendations will require additional resources that are not included in the proposed two-year budget. He asked if other cities Mason-Tillman studied were able to improve the statistics without using set-asides.

Dr. Ramsey said not enough time has gone by yet to see the results. She recommended tracking progress on a quarterly basis as a reality check. After six to 12 months, one could determine whether more rigorous action is needed. She

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said the recommendations also include penalties to show the business community that the City is serious.

Commissioner Lindberg said that would give them the data to justify additional steps. He said the original expectation with this study was that if the discrimination could be documented the City could step forward aggressively and perhaps establish set-aside programs. He noted that in Atlanta the Mayor mandated that 25 percent of contracts be given the minorities. He said he felt those set-asides achieved great success even though now they have been rejected by the courts. He said he is frustrated that the discrimination has been documented but the City cannot take the steps it would like to rectify the situation.

Dr. Ramsey said the message in Atlanta was very clear to the business community that it could not come there without a minority partner. That is a given.

Commissioner Lindberg asked how they were able to do that after the court rulings.

Dr. Ramsey said they do not have to have a goal, just a message that this is what wins. The message here is that if the minority is the low bidder, the project manager may cancel the solicitation. In Atlanta, the solicitation will be canceled unless there is a balanced team.

Mayor Katz said the City now knows which contractors kept information and which did not. It also knows which ones met the good faith efforts and which did not. The City can let them know that failing to do this in the future is not acceptable. She asked how many fronts there were.

Dr. Ramsey said they do not have a specific number.

Counsellor Claudette Lavert, City of Gresham, said this study validated the belief that governments, builders and contractors have been acting in an adverse manner and must change. Noting the growth in this region, she said the Portland area can well afford to incorporate everyone.

Virginia Lacy, 2659 Oak Street, Lake Oswego, 97034, described her concern about the failure of the Portland Development Commission to grant her an \$186,000 loan in the 1970s, resulting in severe financial hardship for her.

David Douthwaite, Associated General Contractors, said this study confirms that the existing system is not working well and that everyone is at fault. He said one unanswered question is why emerging businesses have a harder time with public agencies than with private concerns.

John Witty, Thermal Mechanical, Inc., identifying himself as a Native American,

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said his business successfully competed in the private sector for seven years but in the past three years, competing in the minority sector, they have experienced discrimination that they never felt before. He said minorities are really discriminated against on bigger projects and are hurt by the five to 10 percent retentions. He said if general contractors really want to help the minority community they should set up a bid registry which would eliminate a great deal of bid shopping. He said he hopes all the minority community can come together and work as one. He described programs set up by the Native American community which could be further developed.

Humberto Reyna, owner, Reyna Moore Advertising, and President, Hispanic Metropolitan Chamber of Commerce, supported the findings and solutions on behalf of the Chamber. He said the Chamber wants to be partners in working on solutions. He noted that not one Hispanic, the fastest growing minority in Oregon, was thanked for their work on this study, which he is sure was an oversight.

James Posey, President, National Association of Minority Contractors in Oregon (NAMCO), said they are pleased with the support of the Council for this study and would like to have more time to make a thorough response and recommendations.

Ed Holmes, President, Black Contractors' Alliance, said this study confirms what black contractors have experienced most of their lives, that discrimination continues to be a reality here, particularly in the construction industry. This has impeded their ability to obtain and successfully perform contracts with the City. He said they expect to see major changes in both policy and practices as a result of this study.

Mr. Posey said they expect a change from the current status quo as they know that over 95 percent of contracting dollars go to non-minority firms. He said while studies and training may be necessary, there is no substitute for having a contract, where on-the-job training, performance and payment all come together to build capacity. He said they have been pestering the City for quite some time to do something and it is unconscionable that African-Americans still have not reaped the benefits of the great economic boom of the last several years.

Mr. Holmes requested that they be allowed to respond to the study more fully at a future Council meeting and that both BCA and NAMCO be actively involved in determining what recommendations go forward. He said they want to have real input in the decision-making process.

Mr. Posey said they are encouraged by the City's willingness to make sure that all segments of the community share in contracting opportunities.

Commissioner Lindberg said since the study was only released 48 hours ago, it

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would be nice if these groups could return to Council and respond more fully to the study.

Mayor Katz agreed.

Mr. Posey said they share Commissioner Lindberg's concern about what the results will be bottomline. While they appreciate Council and those who conducted the study, in order to overcome the perniciousness of racism in Portland, the City needs to be vigilant and aggressive in moving ahead and setting real targets. He said NAMCO called for virtually all the recommendations in the study and jokingly suggested that it be paid the \$670,000 that went to the consultants.

Mr. Holmes said NAMCO and BCA are committed to helping rebuild their communities and getting rid of the gang violence so prevalent in the community. To do so, young people must have alternatives.

Ellie Walker, former purchasing agent, Multnomah County, said she was not surprised that the study found favoritism as well as formal and informal networks. She said some concerns regarding recent legislation were not addressed. She cited the Contractors Registration Board as an example of an entity with rules which inhibit minority contractor participation. Also, while prompt pay laws are on the books, they do not extend to subcontractors who are often left holding the bag. Project managers need to be more vigilant in seeing that subcontractors are protected.

Henry Pelfrey, President, Dirt and Aggregate Interchange, Inc., Troutdale, said to get minority participation, Portland is going to have to be more like Seattle, which has about 28 percent minority participation requirement. He said it is easier for his firm to win a contract with the Port of Portland and the State, because they have federal funding that requires minority participation, than from the City, which only has Good Faith efforts. He cited an experience he had in the past with Multnomah County where his bid was thrown out because it was from a minority contractor. To get minority participation, it must be required in the bid documents.

Commissioner Kafoury said, based on this study, Multnomah County should be able to be much more aggressive in its minority contracting efforts.

Grace Gallegos, President, Impact Business Consultants, said it is discouraging to have a system where the lack of data prevents any goals from being developed. She also expressed concern that the lack of data may be skewed to show that only African-Americans are being discriminated against. She said for the first time consortium members are having to hear what the minority community has realized for a long while. Demographic trends for the 21st Century show that minorities will dominate the landscape and it is essential that this community invest now to

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build solid, stable businesses to provide a strong tax base. That is the big picture that is even more important than having goals.

Manuel Castaneda, Pro Landscape, 19900 SW Blanton, Aloha, OR 97007, said as a contractor for the City his big concern has been late payments. He said it took him two years to get payment on one project he did for the Parks Bureau.

Mayor Katz asked if the City's late payment ordinance affected subcontractors.

Ms. Wessel said the prompt payment ordinance was aimed at the very serious problem of late payments to subcontractors. There are mechanisms in State law for enforcing prompt payment for both primes and subs. She suggested that Mr. Castaneda contact her office.

Jerry Williams, Portland State University graduate student and former Donald M. Drake employee, said he was responsible for bidding over a billion dollars of public works projects when he worked for Drake and his company never discriminated on the basis of anything but price in selecting subcontractors. He said while he keeps hearing about the old boy network, his company regularly mailed out information on every project to everyone on the list of minority contractors identified by the State.

Commissioner Kafoury said the study shows, however, that price in and of itself can be a discriminatory factor.

Mr. Williams said some things need to be changed, such as training, bonding and provision of capital. But to say that it is the general contractor's problem is misleading as the State requires, as public policy, that bids be awarded on the basis of price. As a general contractor, Drake followed that same policy.

Jorge Guerra, Oregon Association of Minority Entrepreneurs, said they do outreach to minority businesses continually and have found that access to capital is the most important component for success. He asked Council to look into doing something about increasing that access.

Jerry Walker, Contracts Administrator, Multnomah County, stressed the need for all the members of the consortium to ensure that there is a consistent and collaborative process.

Ms. Wessel said this study provides strong remedial tools, including race-conscious measures, such as the sheltered market, all aimed at seeing that minority contractors receive a greater proportion of City business. The trouble with set-asides is that they do not build capacity and cannot be the only tool the City uses. She said in conducting this study they realized that the City had a lot of power all

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along which it has not fully utilized. She also noted a dramatic fall off in MBE participation in the 1995 Good Faith Efforts program and more resources may be needed if she is to audit that data and possibly find different outcomes in terms of statistical and numerical results. Thus, Council has some further options with respect even to the statistical gaps identified in the study.

Mayor Katz asked her to put together a short paper about what needs to be done, why and what it means in terms of results.

Commissioner Lindberg asked how Seattle could require 20 percent.

Ms. Wessel said Seattle is about to embark on a second study as its first study was done shortly after the Croson decision. Its study gave them the power to impose a goals approach. She said a close look at the subcontracting analysis in this report will show what goals can do. Many jurisdictions around the country have found that even with a 20 percent goal, all the work is done by only a very few companies.

Ms. Wessel said if one has a strict legally-enforceable set aside, one can get to 20 percent participation, for example. You may, however, get it with 51- percent-owned minority companies or for only certain racial groups. Looking to see what the goal really boils down to is important.

Commissioner Hales said the practice of exclusion corrodes the health of the whole community. He also noted this study is not just for the City but for the entire Metro area and the action plan needs to be consistent throughout. He said the City has an obligation to lead, as it does with such efforts as affordable housing, but other jurisdictions must work together. He said three things are needed to change entrenched practices: 1) set clear goals; 2) implement a specific action plan; and 3) persist. The City needs to make clear that it wants real change, not just the appearance of change, and it needs to be joined by its own managers and those in private business.

Commissioner Kafoury said she was not surprised by the data in the study and has been most uncomfortable sitting around and waiting for the results. She said in the meantime some notable successes have been achieved, such as the new bank in Northeast which will provide access to capital for residents and businesses there. The City also has taken steps to include minority contractors in the Walnut Park police facility project. Now there are more specific recommendations but people should not feel too bad because Council has been working all along to achieve economic and social justice for all citizens.

Commissioner Lindberg cited the extraordinary leadership of the Mayor and her candidness about the problems. He said this is an exhaustive, sophisticated study which he wished he had more than 48 hours to review. He said he hopes the

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outcome will be results-oriented with benchmarks and good follow-through.

Mayor Katz said the apprenticeship study points out that skill development efforts should start much earlier, in high school, with rigorous work at the job site as well as academics. She said she knows City bureaus have their favorite contractors and thus do not send everything out to bid. The City also has not been vigilant enough about data gathering in the past and that must be monitored better. In addition, the City must be serious about compliance. To show its resolve, two compliance staff positions have been added and more will be done in this area. Given the demographics of the area, no one can be set aside or wasted. There currently are not enough people trained in construction, something the industry needs to realize. Another aspect that needs attention is the use of fronts which results in one or two individuals making money but with no change in the makeup of the workforce. There is also a need to check to see that appearance and reality match. She said all the recommendations will be reviewed by the working group (C-3) which will return with a package that will make a difference in the next one, five and 10 years. Some may require additional resources. She said taxpayers pay for public construction jobs and businesses must keep good faith with Council goals and provide the required information. She said she is depressed but hopeful about what can be achieved.

Disposition: Ordinance No. 170278. (Y-4)

All items on the Regular Agenda, Nos. 1055 through 1064 were continued to the 2:00 p.m. session.

At 12:55 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19TH DAY OF JUNE, 1996 AT 2:00 P.M.

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

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

Items carried over from the 9:30 a.m. session were considered first.

Commissioner Charlie Hales

1055 Consider vacating a portion of N Detroit Avenue south of N Skidmore Court, at the request of Robert A. Peterson (Hearing; Report; C-9909)

Disposition: Approved; City Engineer prepare ordinance. (Y-4)

***1056** Authorize development agreement with Heitman Retail Properties for improvements to NE Broadway, NE Weidler, NE Halsey and NE 9th Avenues (Ordinance)

Discussion: Commissioner Kafoury said she does not object to these two projects but believes there is a policy issue here concerning the City's role in Local Improvement Districts (LIDs). She would like to know how many other such budget requests from Transportation are in the pipeline.

Commissioner Hales said this is an outcome of the Broadway/Weidler Corridor Plan which Council approved a few weeks ago. He said many of the buildings Heitman proposes to replace were built for another era, when Broadway/Weidler was seen simply as a car corridor. This is an unusual case in that the City has gone from the neighbor-based planning effort to a specific proposal to make the improvements in a very short time. This is an opportunity that he believes the City should take as one property owner is ready to step forward with a major contribution to the LID and the other property owners are willing to make smaller contributions. The combination of those, plus City funds, allows the first phase to proceed, from 9th to 15th Avenues, making a major change in the character of that part of the Lloyd District. The larger question is that the City is not equipped to pay for a lot of these improvements at once. Right now a lot of development is occurring and a number of property owners are ready to step up and make improvements but they need the City to be a financial partner. During the budget process the City Engineer proposed creation of a pool of funds to use as the City's contribution to LIDs in both business districts and neighborhoods. He also called for capping

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assessments for single family homeowners at \$1.00 a square foot. Commissioner Hales said the City does need a simple mechanism like that to give people some certainty as well as a pool of funds so that when someone comes forward with a proposal like this the City can say yes without having to make special financial arrangements to fulfill its side of the bargain. He agreed with Commissioner Kafoury that the City is not now equipped to say yes on a regular basis and that needs to be dealt with in a time of rapid growth. He said in this case funds are being committed in another budget year rather than this year.

Mayor Katz said that is a policy which waves a red flag for her as Council could keep doing that and by the time it gets to that next year's budget, no money is left. The recommendation to move this to the top of the capital list could mean reprioritizing the Transportation budget.

Commissioner Hales said Transportation to some extent is living on borrowed time unless the legislature votes at the next session to increase the gas tax and make other resources available for local infrastructure.

Wanda Rosenbarger, Assistant General Manager, Lloyd Center, said this is an important project for both the Lloyd Center and the community.

Rebecca Sonnikson, consultant on the Broadway/Weidler team, said this project will allow the area to group retailers and market properties as a whole so that it becomes a "place" and to send the message that Northeast is a diverse, growing and vibrant community.

Kimberley Sonneberg, representing the owners of the Broadway Albers building on NE 15th and Broadway, said these improvements will provide a consistent streetscape. They believe bringing down the traffic lanes from four to three will help slow traffic, increase pedestrian safety and provide a nice environment.

Disposition: Ordinance No. 170279. (Y-4)

1057 Direct funding, commencement of design engineering and formation of a Local Improvement District for the NE Broadway, NE Weidler, NE Halsey, NE 9th Avenue project (Resolution)

Disposition: Resolution No. 35528. (Y-4)

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Commissioner Gretchen Miller Kafoury

***1058** Contract for towing and storage of vehicles ordered by the City (Previous Agenda 978)

Discussion: Commissioner Kafoury suggested that testimony be taken only on the proposed amendment requested by Council, which would allow a reopening of the contract after one year, instead of three.

Mayor Katz said the issue is opening the window of opportunity after one year and testimony should be directed to that one issue.

Dan Lorenz, attorney for A & B Towing, said he has not seen a copy of the revision and is not certain his concerns have been addressed. He said the one issue for his client is whether it will be disqualified from application for two years under the language of the old contract or, under the language of this contract, there will be a one-year window of opportunity for A & B as well as the other contractors. If that is the intent of the City Commissioners, he would like that clarified as under the old contract once you are terminated there is a two-year disqualification for reapplication. There was concern about whether that was too onerous a sanction and Council has now changed to make it a one-year window but without clarifying whether the disqualification period is still two years. That would make the window of opportunity effectively meaningless to his client. Under the new contract there are graduated penalties and much less severe sanctions than what was imposed on A & B Towing. Since it is operating under the old contract and then moving into the new one, the company is concerned about how the interaction and overlap is going to work.

Dennis Nelson, Manager, License Bureau, said the ordinance language in front of Council merely allows a window of opportunity for eligible companies to apply every year. The language governing the two-year suspension of A & B is contained in the old contract and was a term of the contract that A & B had agreed to in accepting it. He said he does not think it is possible to go back and rescind the terms of a contract previously issued. That is where the two-year suspension comes from. This ordinance does not affect the two-year prohibition but does give A & B an opportunity to come back after the two years are up and apply before the end of the new three-year contract. It would then have the effect of shortening the period of time before A & B can be considered again for a City contract.

Commissioner Kafoury moved the amendments discussed last week to reopen the window in one year.

Cay Kershner, Clerk of the Council, said they amend Section C in both Agenda Items 1058 and 1059.

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Commissioner Lindberg seconded Commissioner Kafoury's motion and the Mayor so ordered.

Jim Bailey, 5249 NE Mason, Atlas Towing, said his company did not get a fair shake with the Towing Board's ruling and he has left some exhibits to prove that its decision was absurd.

Mayor Katz said that is not the issue today.

Mr. Bailey said if the contracts are closed down so no one can get in for three years that will be bad for the industry and the town. He said Atlas should not be stuck with another suspension and said if he is not allowed to submit an amended application, which is what he requested last week, then at least let them get back into it next year without any discrimination. Whether they dislike Mr. Maher or Mr. Bailey should not enter into it. Equal opportunity is guaranteed by the U.S. Constitution and is their right, whether the City likes them or not. Deal with the merits and do not let personalities enter in.

An individual, no name stated, asked if it was possible to register complaints about procedure.

Commissioner Kafoury said those should be registered with her office.

Mayor Katz said the procedure was very clear. The only issue opened up today concerns allowing new companies the opportunity to make an application in a year and not having to wait three years.

Commissioner Hales said he appreciates the change to one year.

Disposition: Ordinance No. 170280 as amended. (Y-4)

***1059** Contract with towers in District 5 for vehicle towing and storage (Previous Agenda 979)

Discussion: Commissioner Kafoury moved the amendment for 1059. The Mayor so ordered.

Disposition: Ordinance No. 170281 as amended. (Y-4)

***1060** Revise appeals process for towing companies under contract with the City (Previous Agenda 979-1; amend City Code 3.98.080)

Disposition: Ordinance No. 170282. (Y-4)

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Commissioner Mike Lindberg

1061 Grant a franchise to Electric Lightwave, Inc. for a period of ten years (Second Reading Agenda 791)

Disposition: Ordinance No. 170283. (Y-4)

City Auditor Barbara Clark

1062 Assess benefitted property for the cost of street and storm sewer improvements of the SW Palatine Street from SW Boones Ferry Road to the west end Local Improvement District (Hearing; Ordinance; C-9831)

Disposition: Passed to Second Reading June 26, 1996 at 9:30 a.m.

1063 Assess property for sidewalk repair by the Bureau of Maintenance for billing processed through April 26, 1996, and sidewalk repair for billing processed through May 9, 1996 (Second Reading Agenda as amended 1014)

Disposition: Ordinance No. 170284 as amended. (Y-4)

1064 Assess property for sewer system development contracts of the Mid County Sewer Project for the period ending May 8, 1996 and Non Mid-County for the period ending May 8, 1996 (Second Reading Agenda as amended 1015)

Disposition: Ordinance No. 170285 as amended. (Y-4)

Commissioner Charlie Hales

***1066** Authorize acceptance of a grant from Oregon Department of Transportation and the Oregon Department of Land Conservation and Development for the Gateway Regional Center Development Strategy (Ordinance)

Disposition: Ordinance No. 170286. (Y-4)

***1065** **TIME CERTAIN: 2:00 PM** - Amend the Comprehensive Plan Map and change the zone of property on the west side of NW Skyline Boulevard, north of Thompson Road and south of Saltzman Road, from OS, Open Space, to R20, Residential (Ordinance introduced by Commissioner Hales; LUR 96-00073 CP ZC PU SU AD)

Discussion: Michael Holstun, Senior Deputy City Attorney, reviewed the procedures to be followed at today's hearing.

Sue Donaldson, Bureau of Planning, said this is a proposal to change Open Space

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to R200 which requires a Comprehensive Plan Map amendment and also requires a zoning map amendment, major land division and Planned Unit Development. It also requests adjustments to building coverage. The Comprehensive Plan requires that the proposed change is equally or more supportive of the applicable Comprehensive Plan goals and policies. She identified the required approval criteria and noted that the Hearings Officer had approved the proposal with conditions. She showed slides of the site, which is owned by Skyline Memorial Gardens and zoned as Open Space. She said approval is a matter of balancing the goals and policies and is somewhat subjective. One thing they considered is that the land is open space but also a cemetery which has social and aesthetic value. However, it is also private property. She noted that Open Space allows a variety of recreation and not all would result in retaining the natural vegetation on the site. Staff also looked at what the change to R20 would allow in terms of residential development. They had to consider the consequences of removing vegetation as well as land suitability. This land has considerable site development constraints, especially regarding flooding and excess water. One of the main features of the site is that it is a very long cul-de-sac with one entryway onto Skyline Boulevard serving 60 units. Staff considered the possibility of a road connection to the south but it appeared to the Bureau of Traffic Engineering that the effect on the slope would be excessive because of the steep grade and the amount of grading and filling required. Therefore, the connection was not required.

Don Hansen, OTEK, representing the applicant, described the proposed development. He said they worked with the cemetery owners in order to keep some existing vegetation between the cemetery and the existing home sites. The site is divided into four subareas, reflecting four drainages. He described the circulation system, which includes one public road, 28-feet wide, at the request of staff, with sidewalks and grass planting strips. Because of the geographical constraints, they knew they would have one long, dead end street and met with the Fire Bureau regarding emergency vehicle access. An emergency access easement was obtained from the cemetery owners that parallels the proposed road and the Fire Bureau has approved it in concept. General automobile access will be restricted. A pedestrian pathway will allow access to Forest Heights.

Mayor Katz asked if a connecting road to Forest Heights had been requested.

Mr. Hanson reviewed their evaluation of various road connections and said there is one possibility of making that connection to Forest Heights but it would impact the drainage way, in an area with Environmental Conservation (EC) zoning. The largest amount of open space, about 17 acres, is along the western boundary where they propose a public pathway to connect to Skyline.

Richard Whitman, attorney representing the applicant, said at this level of density the environmental areas can be avoided. He said Ms. Donaldson talked to Metro

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Greenspaces about this property and their feeling was that this should be used for an infill project to add housing within the Urban Growth Boundary. This project will have a buffer between it and the cemetery. He said right now the stormwater runoff from the cemetery area is untreated and undrained but, as part of this project, detention and treatment will be provided. The proposal also provides a public recreational trail along the west side of Skyline that would link with Forest Park and into Forest Heights through a pedestrian connection. A final benefit is that the developer will create a neighborhood rideshare program and is working with surrounding developers to form a centralized clearinghouse on the internet. He said in this way they believe they can do better than Forest Heights which, through its program with Tri-Met, reduced Vehicle Miles Travelled by five percent of work rides.

Commissioner Kafoury asked about after-work trips, such as trips to the symphony.

Mr. Whitman said Tri-Met's program was set up to be work-related. This is set up to include all trips, including shopping, carpooling for children's activities, etc.

Commissioner Hales asked about the lots in Forest Heights which are shown as part of the possible street alignment.

Mr. Whitman said those have tentative subdivision approval but not final platting. They have no agreement with the property owners for the alternative now.

Arnold Rochlin, representing the Forest Park Neighborhood Association, clarified that the Hearings Officer did not approve this plan but only made a recommendation. He said this site is all 10 to 80 percent sloped and functions as forest, watershed, wildlife habitat and corridor, and as a sight and sound buffer between the cemetery and the Forest Heights development. He said the 15-foot buffer proposed by the developer for this site is inadequate. He said Policy 6.6 requires the connection of neighborhoods and this project adjoins Forest Heights with no road connection at all. A mile of dead end road has a single outlet on Skyline and the emergency vehicle access would not be adequate if there is a major fire. All trips will go on the already overburdened Skyline Boulevard. The developer claims connection is physically impossible and that compliance would impose a hardship because he cannot get land in Forest Heights for less than market value. He said Transportation ignored the real issue of right-of-way and construction cost and retreated to a pedestrian connection that will not even accommodate bicycles. He said the applicant's claim that making a road connection is physically impossible is absurd. He said the people proposing this development are the same ones who came to Council several months ago, asking permission to not extend the Forest Heights roads to the boundary, as the Code generally requires. Council excused them because the adjoining property is undevelopable open space. The Hearings Officer did not swallow the impossibility argument but

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insisted on no more than what Transportation staff required. Costs should be no consideration here as most of it is self-imposed by the design of Forest Heights. He said at that time they must have known that they planned to develop this part of the cemetery and a hardship exception in this case is inexcusable. With no connection to Forest Heights, there will be 300 trips a day on Skyline, accessing it at a concave curve.

Mr. Rochlin said the City relied on a Kittelson traffic report which contains a crucial error regarding the average traffic speed at the point of access on Skyline. Kittelson said it was 40 miles per hour; the neighborhood measured it and came up with 49 miles per hour. Kittelson also wrongly reported the full potential for additional development along the Skyline corridor as only 10 additional lots, overlooking hundreds of others. The Hearings Officer found the neighborhood's findings insignificant, not wrong, but the Kittelson errors resulted in a chain of miscalculation by City staff. Mr. Rochlin said R20 zoning is a suburban planning relic which creates sparse development and wastes thousands of acres. Placing R20 on this natural resource corridor is a terrible choice as hundreds of houses could be placed here if there is a connection to Forest Heights. R20 ensures that the density will never be enough to support urban services. He said approval standard requires the approved zone to be more supportive of the Comprehensive Plan than open space. The developer and Hearings Officer go through contortions to show that R20 is more protective of natural resources than Open Space. He said, after 40 years of tax exemption, one of the reasons given for selling the property by the cemetery is that the site is too steep for graves. Everyone admits that the west 15 acres is absolutely unsuitable for any development and was only included so that its nominal R20 density could be moved to the south end, creating more than R20 density there. A site-specific map amendment can be approved if the new zone is, on balance, equally or more supportive of the Plan but Council must decide the balance. Spot zoning is appropriate only when the current zone is a mistake or when the site is small and broader neighborhood and City interests will be advanced. That is not the case here. He said the Forest Park Neighborhood Association is currently in the middle of a public planning process and has put in hundreds of hours on this effort. It was told to add 10 percent density to the whole neighborhood and, while they do not like that, if they have to swallow it they should then be allowed to see that it goes on land most suitable for development and maximize the ratio of housing produced for resource destroyed. When the City allowed Forest Heights to develop 250 units less than previously required, it saddled the neighborhood with a heavy burden and they should now have a chance to plan it their way rather than with this urban sprawl. The site has Goal 5 resources and State regulations provide a procedure that was not followed here. One error is that a Comprehensive Plan Zone change was justified by a specific PUD plan that they could apply for an amendment on tomorrow. A zone change must be justified by all the uses allowed in a zone, not by a particular plan. He questioned the completeness and legality of the ECEE analysis, including a

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misstatement about the significance of the resource. He said the applicant has not met the burden of proof to show that the requested change is consistent and supportive of the appropriate Comprehensive Plan goals and policies.

Mayor Katz asked if he would approve this development if there was a connection to Forest Heights.

Mr. Rochlin said yes, although they did not like the plan this was a compromise they offered.

Individuals testifying in opposition to the development application included:

Linda Rogers, 494 NW Greenleaf Rd., 97229
Charlie Weiss, 616 SW Maplecrest Dr., 97219
Theo Patterson, 1639 NE Everett, No. 1
Rosemary Seminara, 8433 N. Olympia, 97203
Norman Shaffard, 9730 NW Skyline Blvd., 97231
Maggie Macdonald, 425 NW Royal Blvd., 97210
Paula Sauvageau, 3355 NW Forest Ln., 97229
Nancy Rosenlund, 5830 NW Cornell Rd., 97210
Beverly Bachand, 505 NW Greenleaf Rd., 97229
Les Blaize, 9630 NW Skyline, 97231
Claire Stock, 14025 NW Germantown Rd., 97231
Rose Marie Opp, 11135 SE Yamhill, 97216
Al Clark, 3127 SE 129th, 97236
John Rettig, 8646 NW Skyline, 97231
Earl Grove, 607 NW Skyline Crest, 97229
Mary Ann Holanan, 2233 N. Williams
Kevin O'Sullivan, 7624 N. Kellogg

Opponents of the project criticized the proposed zone change in zoning from Open Space, contending that it will result in the loss of a geologically sensitive but valuable and rapidly shrinking natural resource area. They expressed concern about the piecemeal and spot rezoning that is happening here, depriving nearby residents of input through the neighborhood planning process. They also stressed the need to have more infrastructure in place first, particularly water service, public transportation and better street connectivity, particularly an alternative access other than Skyline. Opponents said the increase in traffic will negatively impact an already overburdened Skyline. While recognizing the need for increased density, many questioned the appropriateness of R20 zoning here as well as this particular development.

In rebuttal, Mr. Whitman said the arguments against this proposal have been extensive and opponents have tried to make this into a case for preserving open

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space at all costs. However, this particular open space is owned by SCI Cemetery and if it is not used for residential use the only option will be to expand the cemetery here. That means cutting down the trees to put in a lawn so voting no will not preserve the tree area. The best way to protect the significant forest at this site is to allow the project to go forward, so that the environmental areas can be given permanent protection. The City has already recommended buffers as a condition all along the edge of the residential and drainage portions. This is not a case of R20 blitzing property for big houses but is a very sensitive design. He noted also that the cemetery would pay back taxes for the portion converted to residential use. He said they wanted to make a street connection to Forest Heights but came to believe it is a bad idea. First, a pedestrian connection has been planned into Forest Heights. A street connection to the portion of Forest Heights where the school and commercial center will entail travelling 100 feet farther than the current circulation pattern for automobiles and destroy the drainage way with almost an acre of fill. Also, there is already a connection for pedestrians and bicycles. That is why they did not agree with the neighborhood association about the connection. He requested that the record be left open for seven days in order to respond to Mr. Rochlin's legal argument which he did not receive until today.

Commissioner Hales moved to overturn the recommendation of the Hearings Officer and deny the Comp Plan amendment and Zone Change. Commissioner Kafoury seconded.

Commissioner Hales said a Comp Plan amendment requires that the proposed change better advance the Comprehensive Plan as a whole than leaving it unapproved. That is a high standard although it can be met. He noted that a Comp Plan amendment had been approved on the site of the Kennedy School to allow commercial development on a previously zoned residential site. A zone change at NE 15th and Weidler was also approved to allow more intense development. However, the burden of proof is on the applicant. He said in a situation like this the addition to the neighborhood ought to be able to pass the "orange juice test" -- that is, could your 12-year-old bike to the store to buy orange juice. This proposal fails that test and the compromise proposal does not make much sense either, failing to meet the Comp Plan requirement that the change from Open Space to Residential advances the goals of the plan better than the existing zoning.

Commissioner Kafoury said this is a simple call for her and she agrees with Commissioner Hales that higher standards are required for this type of decision. She said the proposal fails to meet Goals 4, 6 and 8. She said while higher density is a Council goal, it does not favor density at the cost of losing open space and natural areas. She believes the City can meet 2040 Goals without sacrificing areas such as this. Traffic is very troubling, not just the connectivity, but also the amount of traffic that will be added to an already overburdened street. The other

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troubling area is the environmental impact, including the drainage issues where she believes the Hearings Officer was wrong. She noted the County has worked very hard to preserve a wildlife corridor in that area and she believes this would only marginally protect that habitat. Instead, she will vote for more cemetery.

Commissioner Lindberg agreed with Commissioner Hales and Kafoury that the burden of proof has not been met to justify this change. He said involving the neighborhood in deciding how to meet its density goals is important and the Forest Park Neighborhood Association has signalled its interest in doing this. There are a lot of questions in this case about the environmental impacts, such as drainage and soil stability.

Mayor Katz said this does not meet Open Space Goal 2.6 or Goal 6, Transportation. Also, as Council deals with the 2040 Goal, a critical piece will be the neighborhood's willingness to be partners with the City in identifying where they will accept higher density in housing. Connectivity is a critical issue too and this proposal has not met that test. However, the real issue for her is the tortuous findings of the Hearings Officer on open space, particularly where she says that the Open Space designation is not intended for residential development and then states reasons why it may be okay. In this particular case it is not okay, especially the change to R20. If the City is going to make the tradeoff of open space for housing, then it has to be to a higher density even though that could create additional problems on this particular site. However, if it does then maybe it is not a suitable site for development.

Commissioner Hales noted that some of those testifying had questioned the integrity of the Planning Bureau staff. It is perfectly acceptable for Council to disagree from time to time with the decisions of the Hearings Officers and in this case both the staff and Hearing Officer did their job and made a recommendation to Council. Reasonable people can disagree and citizens should refrain from making charges about the competence of staff unless there is a significant concern, which they should bring to him personally as the Commissioner-in-Charge.

Mr. Holstun recommended that, because of the request to leave the record open, this matter return to Council after a 14-day period for reaffirmation of the tentative decision and to direct staff to prepare the findings once the record is closed.

Disposition: Approval tentatively denied; continued to July 3, 1996 at 2:00 p.m.

At 4:10 p.m., Council recessed.

JUNE 20, 1996

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 20TH DAY OF JUNE, 1996 AT 2:00 P.M.

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

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

Prior to considering the Council Agenda, Charles Rosenthal, Chair, Multnomah County Tax Supervising and Conservation Commission (TSCC), convened the Commission, which held a hearing on the City's Supplemental budget, followed by a hearing on the 1996\1997 budget.

Larry Nelson, Office of Finance and Administration, reviewed the three major categories of transactions in the Supplemental budget. They are adjustments related to bonded debt, beginning fund balances and other revenue adjustments. The majority of the bond adjustments deal with the timing of bond issuance and include a reduction of \$43 million in appropriation for the Oregon Arena bonds, which will instead be issued the following year. The capital improvement fund is being reduced \$23.3 million in bond sale proceeds for City Hall renovation and seismic renovations for North and South precincts.

Richard Anderson, TSCC Commissioner, asked why there had been a delay in financing for the Rose Quarter. He also asked about the \$150,000 capital outlay at the Memorial Coliseum.

Ruth Roth, Acting Director, Bureau of Financial Planning, said the bond ordinances were delayed to allow a task force to look into the possibility of a major league baseball or hockey franchise. She said the funds for the Memorial Coliseum cover anticipated costs for concessionaires and catering operations.

Mr. Rosenthal closed the hearing on the Supplemental Budget and opened a hearing on the proposed 1996/1997 budget.

Ms. Roth said the approved budget totals \$1.27 billion, up \$50.2 million from the proposed budget. About \$46 million of this represents adjustments in seven debt funds. She reviewed the major decisions reflected in the 1996/1997 budget, noting that \$14 million in additional resources for ongoing programs had been identified because of the good economic times. The budget crafted by Council reflects a focus on four critical challenges: 1) ensuring a livable future; 2) increasing the standard of living by creating quality jobs; 3) improving public safety; and 4) restoring public

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trust in government. To help meet those challenges, \$10.8 million was allotted in direct aid to schools to deal with the school funding crisis. The school aid package is funded from increases in transit lodging tax, business license receipts and utility license fees. She noted also allocation of \$1.1 million to the Parks Bureau for enhanced youth programs plus coverage of Transportation's current service level shortfall of \$4 million over the next two years. Another \$775,000 is budgeted to the Planning Bureau to deal with growth issues associated with implementation of the 2040 Plan. The Housing Investment Fund will receive \$24.6 over the next four years, bringing the Fund's total to a little over \$31 million. Another key decision was allotting \$1.5 million over the next two years to replace officers with civilians in desk positions in the Police Bureau. Another \$7.8 million in projects as recommended by the Central City 2000 Task Force will be funded through tax increment levy collections. She announced that the utility license fee charged to the Bureau of Water and Environmental Services is being reduced from eight to six percent over a five-year period, saving the rate payers an estimated \$10 million. Future financial uncertainties include the loss of State revenue sharing funds, the "cut and cap" initiative, the East County annexation litigation and, most important, legislative inaction in dealing with school and transportation funding crises.

Mr. Rosenthal asked if the City had developed mechanisms to deal with unanticipated revenues or losses.

Mayor Katz said Council decided that if the City had unanticipated revenues they would be dedicated to the Housing Investment Fund to begin replacing some of the line of credit. Any other revenues would go towards capital improvements for infrastructure that would allow the City to meet its 2040 housing goals. If the "cut and cap" measure passes, Council will have to go back to ground zero with the budget and rethink how the City is run.

Dick Anderson, TSCC member, noting that the school allocation is for one-time funds, asked Council to speculate on what the legislature might do to solve the crisis.

Mayor Katz said it may be possible to restructure the debt currently included so that the cost to bring everyone up to the Portland level would be smaller. There have also been discussions locally about taking some measures, such as raising the business license tax, if the legislature does not act. But the key is to hold it responsible.

Ann Sherman, Commission member, said she is glad to hear the City is not using property tax revenues to pay for the schools. She asked what role the City will play in talking to the legislature about school funding.

Mayor Katz said the City is allowed under the Charter to take an active role in

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lobbying, while the County is not. She plans to travel throughout the state to try to narrow the urban/rural divide and the City will work jointly with area school districts in lobbying efforts.

Commissioner Kafoury said last year the City was part of a consortium lobbying effort and made it very clear then that education and transportation are top priorities.

Courtney Wilton, TSCC Executive Director, asked what the City is doing to keep the sewer fee increases down.

Commissioner Lindberg described seven different ways the City is working to do this, including creation of the Public Utilities Review Board, reduced utility franchise fees, tying water and sewer rates to consumption, and more flexible work rules.

Mr. Anderson asked what possible funding solutions for transportation are being looked at for the next legislature.

Mayor Katz said some of the solutions being discussed include a State or regional gas tax and system development charges. Because the City believes it cannot count on the legislature, it is identifying measures it can do itself.

Mr. Anderson asked about the potential for a stormwater utility as a source of revenue.

Commissioner Lindberg said he recalls that under Ballot Measure 5, that would have been regarded as a tax. Stormwater, or drainage charges, are shown on the sewer bills so in some ways the City already has such a utility.

Mayor Katz said if all else fails, citizens will see a lot of pot holes.

Ms. Sherman noted a concern voiced by some that a lot of money is going to housing but little is going to work force development. Also, the Commission gets a lot of complaints about the permitting process and about the failure of City bureaus to work together. She asked Council to comment.

Commissioner Kafoury said housing needs are very defined and not quite as nebulous as economic development and job training. With housing, you have a finite, tangible resource. She said bankers and home builders have finally agreed to support a real estate transfer tax to go to housing and infrastructure which will be especially helpful in underdeveloped areas in the State where they cannot build without sewers and streets. On the other hand, it is somewhat of a mystery to her

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as to what government should or can do in the whole area of work force development.

Regarding the permit process, Commissioner Kafoury said she believes a single point of accountability is needed and is the only thing that will really make a difference. She said much as Council has urged the Planning and Building Bureaus to work together there is still a lot of debate about who is not doing what. There has been some progress in improving coordination among the bureaus but more needs to be done. She said sometimes a complaint from one person gets blown out of proportion, compared to the total number of people who go through the process. In a recent survey they found that 70 percent of the problems in the permitting system resulted from incomplete information from the applicants.

Mayor Katz said this budget allocates funds to Planning and Buildings to make the information available on computers in a customer-friendly fashion. There may even be a satellite permit center in a residential area. Discussions about how to achieve one-person accountability are underway. She noted that Council initially received a request for \$16 million for workforce development which ended up at \$250,000. The research has been completed about what needs to be done but the tools are an issue, particularly the capacity of the community colleges. Another question is how many times, and at how many levels, does the taxpayer have to pay for training and education.

Mr. Rosenthal said the Commission is very supportive of the City's decision to devise a process to handle deferred maintenance and looks forward to hearing the results.

Mayor Katz said there is a lot of demand for money for infrastructure projects, such as the Lovejoy ramp.

Mr. Rosenthal asked to what degree it is possible for the City not to tax up to maximum level permitted in order to reduce the rate at which taxes have been increasing over the last few years.

Mayor Katz said that is a question she asked at the beginning of the budget process. What it came down to is that the amount that could be saved was relatively small compared to all the demands to meet housing, infrastructure and other important community needs.

Commissioner Kafoury noted that while voters passed Measure 5, they have also passed every tax levy measure that has been on the ballot since then.

Mayor Katz said the City has been very prudent about its expenditures and the cost per capita in taxes has dropped.

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Commissioner Kafoury noted that the City has not been going to the voters with requests for new levies for such things as housing and City Hall renovation, etc.

Mr. Rosenthal adjourned the hearing, thanking Council for its candidness.

Mayor Katz convened Council and called for public testimony.

- *1067** **TIME CERTAIN: 2:00 PM** - Adopt a Supplemental Budget for FY 1995-96 of \$(37,708,749) and make budget adjustments in various funds (Ordinance introduced by Mayor Katz)

Disposition: Ordinance No. 170287. (Y-4)

- *1068** Adopt the annual budget of the City of Portland and establish appropriations for the fiscal year beginning July 1, 1996 (Ordinance introduced by Mayor Katz)

Disposition: Ordinance No. 170288. (Y-4)

- *1069** Create one new fund in FY 1996-97, close three City funds and transfer the remaining balances effective June 30, 1996, and rename one fund (Ordinance introduced by Mayor Katz)

Disposition: Ordinance No. 170289. (Y-4)

- *1070** Levy taxes for the City of Portland for the fiscal year beginning July 1, 1996, and direct the Director of Financial Planning to submit said tax levy and other certifications to the County Assessors of Multnomah, Clackamas, and Washington Counties (Ordinance introduced by Mayor Katz)

Disposition: Ordinance No. 170290. (Y-4)

- *1071** Certify that certain services are provided by the City of Portland for eligibility of State Shared Revenues (Ordinance introduced by Mayor Katz)

Disposition: Resolution No. 35529. (Y-4)

- 1072** Accept recommendation for expenditure of State Revenue Sharing revenues in FY 1996-97 (Report introduced by Mayor Katz)

Disposition: Accepted. (Y-4)

Commissioner Lindberg moved to accept an item on the Four-Fifths Agenda. Commissioner Hales seconded and, hearing no objections, the Mayor so ordered.

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FOUR-FIFTHS AGENDA

***1073** Elect to accept funds from the State of Oregon under the State Revenue Sharing Program for FY 1996-97 (Ordinance introduced by Mayor Katz)

Disposition: Ordinance No. 170291. (Y-4)

At 2:55 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner

By Cay Kershner
Clerk of the Council