



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 18TH DAY OF DECEMBER, 1996 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners, Hales, Kafoury, Lindberg and Sten, 5.

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

Leon Smith, Albina Community Bank, thanked Council for the City's support and reviewed the bank's successes to date.

Agenda No. 1988 was pulled from Consent. On a Y-5 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

1962 Accept bid of U.S. Pacific Builders, Inc. for construction of the East Portland Community Center for \$4,450,000 (Purchasing Report - Bid 25)

Disposition: Accepted; prepare contract.

1963 Accept bid of G.R. Morgan Construction for Essex Park improvements for \$158,265 (Purchasing Report - Bid 41)

Disposition: Accepted; prepare contract.

1964 Accept bids of Acme Construction Supply, W.W. Grainer Co. and Ken R. Humke Co., Inc. to furnish annual supply of miscellaneous hardware and supplies for approximately \$30,000 annually for each contract for three years (Purchasing Report - Bid 66-A)

Disposition: Accepted; prepare contract.

1965 Accept bid of PIPE, Inc. to furnish concrete sewer pipe for \$113,343 annually for three years (Purchasing Report - Bid 73-A)

Disposition: Accepted; prepare contract.

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1966 Accept bid of Special Asphalt Products to furnish crack sealing material for \$58,140 annually for three years (Purchasing Report - Bid 74-A)

Disposition: Accepted; prepare contract.

1967 Accept bid of United States Pipe and Foundry Co., Inc. to furnish ductile iron pipe for \$423,104 annually for two years (Purchasing Report - Bid 77-A)

Disposition: Accepted; prepare contract.

1968 Accept bid of S-2 Contractors, Inc. for Insley Basin CSO sump Unit 2, Phase II for \$295,202 (Purchasing Report - Bid 78)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

1969 Confirm appointment of Sheila Holden, Don Larson and Donald Thacker to the Portland Utilities Review Board (Report)

Disposition: Confirmed.

***1970** Intergovernmental Agreement with Multnomah County Sheriff's Office for multi-jurisdictional DUII Enforcement/Education project (Ordinance)

Disposition: Ordinance No. 170779. (Y-5)

***1971** Agreement with the Tigard Police Department to provide access to the Portland Police Data System (Ordinance)

Disposition: Ordinance No. 170780. (Y-5)

***1972** Donation of a vehicle from Lotus Motors-Harley Davidson, Inc. to the Portland Police Bureau (Ordinance)

Disposition: Ordinance No. 170781. (Y-5)

***1973** Pay claim of Sam Mack Howell (Ordinance)

Disposition: Ordinance No. 170782. (Y-5)

***1974** Pay claim of Michelle Beeson (Ordinance)

Disposition: Ordinance No. 170783. (Y-5)

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***1975** Amend contract with Intracorp to perform medical bill auditing and other related services for the Bureau of Risk Management (Ordinance; amend Contract No. 28658)

Disposition: Ordinance No. 170784. (Y-5)

Commissioner Charlie Hales

1976 Accept contract with Cedar Landscape, Inc. for renovations to Ventura Park as substantially complete and authorize final payment and release of retainage (Report; Contract No. 30413)

Disposition: Accepted.

***1977** Amend contract with kpff, Consulting Engineers, to include additional services on Waterfront Utilities Implementation Plan in the amount of \$10,320 (Ordinance; amend Contract No. 30027)

Disposition: Ordinance No. 170785. (Y-5)

***1978** Authorize a contract and provide for payment for material and labor to construct Columbia Park improvements (Ordinance)

Disposition: Ordinance No. 170786. (Y-5)

***1979** Authorize a contract and provide for payment for material and labor to construct Kenilworth Park improvements (Ordinance)

Disposition: Ordinance No. 170787. (Y-5)

***1980** Authorize a contract and provide for payment for material and labor to construct Alberta Park improvements (Ordinance)

Disposition: Ordinance No. 170788. (Y-5)

***1981** Authorize the City Engineer to increase the amount of contract with Copenhagen Utilities & Construction, Inc. for work on the NE 33rd/SE Milwaukie Avenues project by an amount not to exceed \$57,396 (Ordinance; amend Contract No. 30615)

Disposition: Ordinance No. 170789. (Y-5)

***1982** Authorize a contract and provide for payment for the SW Multnomah Boulevard slide repair (East Project) (Ordinance)

Disposition: Ordinance No. 170790. (Y-5)

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- *1983** Increase contract with CMJ Construction by \$14,812 for Parks Bond construction and ADA improvements at Community Music Center (Ordinance; amend Contract No. 30805)

Disposition: Ordinance No. 170791. (Y-5)

Commissioner Gretchen Miller Kafoury

- *1984** Authorize the purchase of furniture for the Bureau of Licenses through an Oregon State Price Agreement for a total of approximately \$115,000 and provide for payment (Ordinance)

Disposition: Ordinance No. 170792. (Y-5)

- *1985** Amend contract with Chris Michael DeLoreto Architects, PC, for architectural services for the North Precinct renovation project to extend termination date (Ordinance; amend Contract No. 29497)

Disposition: Ordinance No. 170793. (Y-5)

Commissioner Mike Lindberg

- 1986** Accept completion of the St. Johns sewer extension No. 2 project and authorize final payment to Brundidge Construction, Inc. (Report; Contract No. 30597; Project 5719)

Disposition: Accepted.

- 1987** Accept completion of the St. Johns sewer extension project No. 1 and authorize final payment to S-2 Contractors, Inc. (Report; Contract No. 30617; Project 5715)

Disposition: Accepted.

Commissioner Erik Sten

- *1989** Authorize a contract for payment for the construction of 12-inch, 8-inch, 6-inch and 4-inch water mains in SE 87th, SE 89th and SE 104th Avenues (Ordinance)

Disposition: Ordinance No. 170794. (Y-5)

- *1990** Authorize contract with Valmet Automation (USA), Inc. for \$1,247,800 to upgrade the SCADA Master Station, including hardware and software as specified in the Statement of Work, for the Water Control Center maintenance project and provide for payment (Ordinance)

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Disposition: Ordinance No. 170795. (Y-5)

REGULAR AGENDA

S*1988 Grant a temporary, revocable permit to KBL Portland Cablesystems, L.P. and fix the terms and conditions of the permit (Ordinance)

Discussion: Commissioner Lindberg moved the Substitute. Commissioner Hales seconded and, hearing no objections, the Mayor so ordered.

David Olson, Office of Cable Communications and Franchise Management, said the Substitute reflects some minor, non-substantive changes requested by KBL's legal counsel.

Disposition: Substitute Ordinance No. 170796. (Y-5)

***1960** **TIME CERTAIN: 9:30 AM** - Adjust the FY 1996-97 Adopted Budget for Period Six Adjustments (Ordinance introduced by Mayor Katz)

Discussion: David Agazzi, Director, Bureau of Financial Planning, explained the adjustments for this period. He said the adjustments are largely encumbrances, items appropriated last year, as well as grants that are to be spent this fiscal year. He highlighted two items, including the \$245,000 in new requests which were considered as essential carry overs. Second, staff recommends that the additional fee revenues go to the bureaus which generate them, based on current policy.

Disposition: Ordinance No. 170797. (Y-5)

***1961** Adjust FY 1996-97 Budget by returning to General Fund contingency funds allocated to various programs and projects designated with a January 1, 1997 implementation date (Ordinance introduced by Mayor Katz)

Discussion: Mr. Agazzi said this will return about \$2.5 million to General Fund contingency and translates into a percentage reduction for all the affected bureaus. His office is advocating a flexible approach so that Council can reconsider individual items it deems to be high priorities over the next few months.

Diane Linn, Director, Office of Neighborhood Associations (ONA), described the impact of the \$91,000 cut from ONA's budget. Resources allocated for core funding, enhanced outreach, employee equity plus the mediation center will be cut. She said they recognize Council has to make this decision today and cannot make exceptions but want to stress the direct and immediate impact this will have on their programs. She said ONA is committed to working with Council and the bureaus to find efficiencies in outreach efforts, using the

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infrastructure now in place.

Citizens supporting retention of the \$91,000 budgeted for ONA included:

Louisa McCleary, Chair, Neighbors North/Northwest Coalition
Patty Lee, Treasurer, Southwest Neighborhood Information (SWNI)
Dorothy Gage, Finance Committee, SWNI
Barbee Williams, SWNI
Tom Miller, Board President, SWNI
John Alland, Co-chair, Land-Use Committee, SWNI
Ann Bradwell, member of SWNI and Corbett/Terwilliger/Lair Hill
Neighborhood Association boards
Bob Ueland, Hollywood Boosters
Allison Stoll, Crime Prevention Specialist, Central Northeast
Neighbors
Glen Downs, 210 NW 22nd
Kay Durtschi, 2230 SW Caldew

Those testifying stressed the importance of the neighborhood organizations in leveraging volunteer efforts, saving the City money by letting citizens do its work. They also cited the outreach programs undertaken by the neighborhoods for much less than what consultants hired by other City bureaus charge for the same work. They said the loss of primary staffing is unfair to some groups, such as SWNI, where staff members are paid less than other coalitions, and those already operating in a bare-bones fashion. They asked for a delay until there has been more opportunity for public input. Mr. Ueland said the Hollywood District needs to know if the money is gone permanently from the Hollywood Town Center and Neighborhood Enhancement fund.

Council members discussed the process for reconsidering the items. Commissioner Lindberg asked whether it comes down to having each Commissioner take the initiative regarding a project that has been cut.

Mayor Katz said these projects should be considered on hold. She said if this action is not taken today, the gap for everyone else will be even larger.

Mr. Agazzi said this gives the City some flexibility and they will have a better idea by the end of January of the impact on ONA. He said the decision on these items will have a one to two percent impact on ONA's budget.

Commissioner Hales said this is a Pandora's box that puts the City in an absurd position. If Council opens the lid for one item, then it has to open it for all. He said the City is acting penny wise and pound foolish in cutting neighborhood volunteer outreach efforts but then authorizing millions to consultants for public involvement projects. He said the City should find a way to match what the neighborhoods can do with the needs of the Enterprise Fund bureaus to see if there is a more economical way to do things.

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Commissioner Kafoury said she agrees about the need to sit on Pandora's box but Council needs to make such decisions early so citizens know what is happening.

Commissioner Lindberg said this returns money to the base budgets and he hopes Council can review the programs halted today to see if it might still be possible to do some of them.

Commissioner Sten noted that Council determined that budget cuts will range from eight to 14 percent across the board for General Fund bureaus. He said it is a dangerous time, however, to fight with the neighborhoods about public outreach and he is open to the idea that these efforts should be funded at the previously agreed levels. However, ONA cannot be held harmless and will need to show where else its budget can be cut to achieve the agreed-upon percentages.

Mayor Katz said this is only the tip of the iceberg as each bureau's base budget needs to be examined to determine where the eight to 14 percent cuts will be made. She said the public involvement issue as a whole needs to be studied and perhaps a centralized public involvement office should be considered. Council should also discuss the use of consultants in this area.

Disposition: Ordinance No. 170798. (Y-5)

Commissioner Charlie Hales

***1991**

Contract with U.S. Pacific Builders for the construction of the East Portland Community Center in the amount of \$4,450,000 (Ordinance)

Discussion: Zari Santner, Bureau of Parks and Recreation, said while they understand an appeal of the Floyd Light Community Center is underway, they would like to go forward with this contract.

Supporters of the project included:

Dick Cooley, Chair, Eastside Community Center Site Selection
Task Force, 12732 SE Stark, 97236

Ron Russell, Superintendent, David Douglas School District

Bruce Spurton, David Douglas School Board member

Edward Fitzgerald, 11440 NE Morris, 97236

Leslie Hason, Multnomah County Aging Services Division

Jessica Thompson, 9334 SE Grant, 97236, Floyd Light Middle School
student

George Martin, principal, Floyd Light Middle School

Wendy Coe, Floyd Light Middle School student

Grace Fitzgerald, 11440 NE Morris, 97236

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Supporters said the center is much needed in this area. It has overwhelming support in the community and those opposed are in the minority.

Commissioner Kafoury asked David Agazzi, Financial Planning Director, what his office meant when it said Council may want to refer the decision to the budget process.

Mr. Agazzi said they have not yet been able to fully review all current capital projects but hope to do that this week. He thought it had been agreed that all current capital projects would be considered later to see if there are any other options. Bond projects had not really been discussed but since this project has an operating impact of \$250,000 Council may want to consider it later.

Commissioner Sten said he strongly supports this project and understands the importance of moving ahead now. However, he would like to discuss the rest of the bond projects before any more are approved. Without more information he cannot unequivocally say that every Parks bond project is a more important priority than ongoing Parks activities. Perhaps some tradeoffs can be made.

Mayor Katz said she would prefer that bureaus not bring these projects individually to Council so that it does not continually find itself in this awkward place. She noted that the community center's operating costs are not covered by the bond monies and Parks Director Jordan will have to look at the tradeoffs between continuing existing programs or going ahead with new programs the voters approved, especially in communities that do not have much going on now. However, Council is unanimous in wanting to move forward on this project.

Ms. Santner said out of 114 bond projects, only two are brand new. The rest are all restoration projects intended to improve conditions so that operating costs and maintenance are reduced.

Commissioner Sten said he wants Parks to show him that and also what it plans to cut next year. He said he feels uncomfortable making budget decisions when he has not seen the whole package.

The Commissioners suggested that a Council Informal be scheduled before any other capital projects are brought to Council for approval.

Commissioner Hales said this center will add value to this community and noted that it has been decades since the City built a new public building for citizen use.

Commissioner Kafoury said there are many strong reasons to follow through on the commitment made to an area only recently annexed into the City.

Commissioner Lindberg said this area has long been underserved and has

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many unmet needs. The City should definitely move ahead with this center and the Parks Bureau understands the high priority that should be given to its operating budget.

Commissioner Sten said this is a fantastic project and the City should not lose any more time or money by holding back.

Mayor Katz said approval of this brand new facility shows residents in annexed areas that the City is a good partner.

Disposition: Ordinance No. 170799. (Y-5)

***1992**

Intergovernmental Agreement with Tri-County Metropolitan Transportation District of Oregon (Tri-Met) for reallocation of Federal funds in support of Tri-Met and City of Portland projects (Ordinance)

Discussion: Mayor Katz said the City is trying very hard to find federal money to meet commitments that will continue to add vitality to the Central City. This is one of them.

Vicki Deede, Transportation Engineering and Development, described the funding reallocations and adjustments for the Lovejoy Street ramp and the Central City Streetcar project. The reallocations also raise the possibility of having the City share in the local match requirement for the South Mall/Portland State University Transit Center. It is anticipated that future support will be forthcoming for the projects. For the Lovejoy ramp project the City will apply to its regional partners for \$6 million in flexible funds in addition to the \$3 million for construction this reallocation frees up. A General Fund request for \$3 million from the City would provide a match for the \$9 million and the shortfall on the construction project. The Lovejoy ramp project will leverage housing densities in the Hoyt Street yards from 15 up to 87 units per acre. It also provides for logical development and circulation within the River District. While this reallocation removes the legal requirement for a local match for the Central City Streetcar, Transportation has requested \$1 million from the General Fund to provide local money in support of the expected federal funds. With these funds and the match, they would go into final engineering and do the plan specifications, community outreach, etc., so the project could go out to bid. There are also some construction items related to crossing the MAX tracks that could result in less disruption when Westside MAX starts up.

Commissioner Kafoury noted that the Lovejoy ramp project leverages housing affordability as well as increased density.

Commissioner Hales said this is an exciting opportunity for both affordability and density.

Mayor Katz said the City must commit quickly or the federal funding may disappear.

Disposition: Ordinance No. 170800. (Y-5)

Commissioner Mike Lindberg

1993 Authorize the Commissioner of Public Utilities to increase and extend contract with SERA Architects, PC and provide for payment (Ordinance; amend Contract No. 28954)

Disposition: Passed to Second Reading January 2, 1997 at 9:30 a.m.

1994 Authorize the Commissioner of Public Utilities to extend contract with Turner Construction Company (Ordinance; amend Contract No. 29084)

Disposition: Passed to Second Reading January 2, 1997 at 9:30 a.m.

***1995** Authorize the execution of a Memorandum of Understanding by the Commissioner of Public Utilities for the preparation and execution of a Purchase and Sale Agreement with Archer Daniel Midland Milling Company (Ordinance)

Discussion: Randy Miller, Bureau of Environmental Services (BES), said this provides a process but does not commit the City to purchase this property.

Disposition: Ordinance No. 170801. (Y-5)

***1996** Continue negotiations for the purchase of two permanent sewer easements required for construction of the Inverness Force main sewer project, begin condemnation proceedings if necessary, and obtain early possession (Ordinance)

Disposition: Ordinance No. 170802. (Y-5)

1997 Amend contract with Sverdrup Civil, Inc. to provide construction management services to the CSO Columbia Slough projects (Second Reading Agenda 1907; amend Contract No. 29404)

Discussion: Dean Marriott, Director, BES, said both Commissioners Hales and Sten met with experts in the field of construction management last week to review this proposal. One issue is the inclusion of \$312,000 for public involvement over three years, specifically to retain the services of one or more ombudsmen to work with North Portland residents to mitigate construction impacts. BES' intent was to work through the Office of Neighborhood Associations to do this. He noted that this contract allows the Bureau to

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remove any items in the scope of work and it would be happy to hold up the public involvement component if Council wishes.

Commissioner Hales said he learned a lot from the discussion with the experts about this process although he is still concerned about how this \$17 million contract for services with a single vendor fits into some of the larger issues. He believes the City is inconsistent if it authorizes a lot of new spending on public involvement through contractors while decreasing the neighborhood network efforts. He acknowledged the need to move forward quickly on a portion of the work but the entire amount would not necessarily have to go out now. That would allow for later modifications that would be closer to the mark of what he would like to see in the management of this effort. He said he plans to vote no on the contract as it stands, however. The policy issue of going out to bid is also very important.

Commissioner Lindberg said he believes the \$312,000 for the ombudsman program should be set aside for the time being. It does not take a formal amendment to do that but it is in the sense of the Council.

Commissioner Sten said the City really has to work with the public to create confidence in this program. There is almost unanimous support from residents to clean up the River and the City must determine how to do it as cost-effectively as possible. He is not convinced second guessing each piece is the way to do that. He did not find any disagreement among the panel of experts that the construction management cost, about 10 percent of the cleanup construction cost, is unreasonable. It is more than spent on the whole Westside light rail project but substantially less than what was spent on the tunnel, which is analogous to the complex work this project will entail. The panel believes that BES and Sverdrup have the skills to do this work and, since the costs are reasonable and the skills are sufficient, the risk of not complying with the timeline is very high. It was also clear that BES does not have the capacity to manage this whole project. Finally, the approach of blending public agencies and outside contractors is a nationwide trend for such complex projects. He is concerned, from a public policy standpoint, that this was a no bid contract, although the City could well have gotten a worse price by going through the bid process. He would also like to use this to build Bureau capacity as the City will be doing this kind of work for another 10 years and he believes doing more of the work in-house will save some money. He agreed with Commissioner Hales that there may be a less expensive way to do the public involvement element.

Commissioner Hales said he is not voting no because he lacks faith in staff or the contractor. It is the practices -- public involvement, outsourcing and building capacity within the Bureau -- that need to be reexamined.

Commissioner Lindberg agreed that Council needs to fully discuss these practices. He believes the CSO project is being well managed but there is room

for continuous improvement.

Mayor Katz said the procurement process did identify a fair number of no-bid contracts and she also believes contract management could probably be done far more aggressively, providing a substantial amount of savings. She expects this project to be on time and on budget. She is also interested in creating a Citywide office of public involvement and then looking at what pieces could be contracted out to ONA at a lesser rate.

Disposition: Ordinance No. 170803 as amended. (Y-4; N-1, Hales)

Commissioner Erik Sten

1998 Support implementation of the Lead Hazard Reduction Program for Lead and Copper Rule compliance and direct the Bureau of Water Works to work with the EPA as necessary to assure compliance (Resolution)

Discussion: Commissioner Sten said several years ago the City was told to reduce lead and copper levels in the drinking supply. The engineering solution is to treat the water, which is very expensive. Commissioner Lindberg and BES negotiated a different approach with the regulators that will allow them to do corrosion control and also educate the public about how to abate lead levels in their homes. This approach saves money and should result in more community benefits.

Michael Rosenberger, Director, Water Bureau, said this is a creative and innovative approach which he has no doubt EPA will approve. This is cheaper and provides a higher level of health protection, especially for at-risk families. He thanked Commissioner Lindberg for all his efforts as Commissioner-in-Charge.

Commissioner Lindberg complimented the City's flexibility and aggressiveness in going to the federal government and being the first jurisdiction to get an exemption from a federal law. This is a real success story.

Disposition: Resolution No. 35580. (Y-5)

***1999** Authorize a contract with Organizational Dynamics for professional workforce development planning and programming at an estimated cost of \$105,200 and provide for payment (Ordinance)

Disposition: Ordinance No. 170804. (Y-5)

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City Auditor Barbara Clark

2000

Assess property for sidewalk repair by the Bureau of Maintenance for billing processed through October 29, 1996 (Second Reading Agenda 1955; Y1012)

Disposition: Ordinance No. 170805 as amended. (Y-5)

At 11:40 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 18TH DAY OF DECEMBER, 1996 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Hales, Kafoury, Lindberg and Sten, 5.

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

Commissioner Charlie Hales

***2002**

Amend the Comprehensive Plan Map and change the zone of property between N Columbia Boulevard and Bank Street, Barr Street and Oswego Avenue from OS (Open Space) and R5 (Residential) to R2 (Residential) (Previous Agenda 1914; LUR 96-00234 CP ZC SU)

Discussion: Mayor Katz said the record was kept open but there is no further testimony.

Kathryn Beaumont, Senior Deputy City Attorney, said she sent a memo today clarifying the advisability, in general, of Council taking a tentative vote while the record is still open. She said now would be the opportunity for Council discussion and a tentative decision.

Commissioner Hales said he wants to be sure he gets this recommendation right. He moved to accept the recommendation to amend the Comprehensive Plan Map, as amended, and approve the conditions as amended during Council deliberation. He asked Ms. Beaumont if that was right.

Ms. Beaumont said she believes that is correct.

Commissioner Lindberg seconded.

Mayor Katz called roll.

Commissioner Hales said this has been a long and difficult discussion and he realizes many in the neighborhood would rather see this project not go forward. He thanked the St. Johns Neighborhood Association (SJNA) for its advocacy and said, even though the SJNA opposes this recommendation, the ideas and advocacy the neighborhood brought to the process improved the project. He also thanked HOST for attempting to get to yes with the neighborhood association and for continuing to negotiate, both with the neighborhood and Council itself as it dealt with this recommendation. He said he believes this will be an asset to the whole Portland community, to St. Johns and to people

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who are trying to become home owners. This is a project for home ownership and will allow a lot of people who cannot now afford homes to do so. HOST, by the way it operates as a non-profit organization and by the requirements it places on homeowners, really acts as a community builder. It not only sells houses to people but asks the buyers to put time back into the community. That will pay dividends to the community as well.

Commissioner Kafoury said this is a critical project and she believes, once the project is built, people will find it is a tremendous asset, not a detriment. She looks forward to that day and votes aye.

Commissioner Lindberg said he also votes aye. It has been an interesting process to look at the open space issue, which is a valid issue and indicates that people care deeply about their neighborhood. It is also important to look at the neighborhood holistically, rather than focus only on open space. The City needs to look also at health services, safety, social services, housing and education. Looking at constituencies that fight for these things, you do not find many people fighting to meet future housing needs, particularly in the area of affordable housing. That is one thing he hopes people will spend more time thinking about as probably 20 to 30 of the housing units will provide housing for kids. He voted aye.

Mayor Katz said she will vote aye although she believes some very legitimate issues were raised and some concerns that have not yet been addressed. The question of the deed is one and, although she does not know how relevant it is, a legal issue will be raised about this. Another is the transfer of the property. Council spent considerable time discussing whether this property will go out to bid or whether there will be an agreement. The Charter clearly allows the Council to go either way. The final piece the Council needs to see is the policy on the use of parks for other purposes, especially if they are declared surplus. She hopes the Commissioner-in-Charge of Parks will move on that as quickly as possible and involve the community as it is an issue that keeps showing up as Council deals with park improvements. She thanked the community, which she knows feels strongly about this, as she believes the project is better than what Council initially received. The goal was to reach a compromise and save some trees and that has been met, although not entirely to the community's satisfaction. Some of the old trees have now been saved so at least some progress has been made on that issue.

Disposition: Hearings Officer's recommendation of approval approved as amended (Y-4; 1 abstention (ES)); applicant prepare findings for January 15, 1997 at 2:00 p.m.

2003

Complete City Council adoption of the Outer Southeast Community Plan (Second Reading Agenda 1958; amend Code Chapter 33.535)

Discussion: Commissioner Kafoury asked about the difference in the

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Planning Commission and the Planning Bureau recommendations. She said there also appears to be an issue concerning BES' comment that it would be okay to go ahead with the Planning Bureau recommendation and not wait until the Stormwater Management Plan is adopted.

Michael Harrison, Planning Bureau staff, said Planning staff believes this regulation would be somewhat redundant for industrial/commercial zones in Outer Southeast. BES is comfortable with this approach. The Planning Bureau's position is that since a citywide study is underway to look at stormwater management, the standards for impermeable surfaces imposed in commercial/industrial areas in Lents should be considered as part of that larger study. The regulation is redundant as the Code already requires that after development occurs, the amount of stormwater runoff may not exceed the pre-development level. That will prevent increased stormwater runoff from these properties.

Cathryn Collis, BES, said BES does not see this as a retreat from its goal to significantly reduce the impact of development on urban surface waters. BES wants to adopt an approach that gives builders options and incentives as well as regulations. BES agrees with the Planning Bureau position that the stormwater regulations in place are adequate. The Stormwater Policy Advisory Committee plans to write specific impervious surface limitations for commercial and industrial zones that will allow flexibility. For instance, a developer who does very well on water quality and volume control might be allowed to go higher than 50 percent for impervious coverage. The total picture would be reviewed to see what kind of control results. Also, requiring 50 percent for all commercial/industrial entities in the area would force all of them to go through an adjustment process because of the two conflicting policies.

Commissioner Sten asked if current stormwater provisions in the Johnson Creek Basin are adequate. If things are a mess right now, keeping the status quo might not be what is wanted.

Ms. Collis said the Stormwater Policy Advisory Committee is clearly focused on improving the condition.

Commissioner Hales noted that applicants in new developments cannot be required to ameliorate a pre-existing situation so if the problem in Johnson Creek is caused by 50 years of prior development that did not meet the standard that is not the permit seeker's problem.

Commissioner Sten said a way is needed, however, to comprehensively address the adequacy of stormwater treatment.

Ms. Collis said the Advisory Committee wrestled with ways to mitigate the impact of new development without asking it to carry the burden from existing land uses.

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Commissioner Sten said Council could require 50 percent impervious surface coverage if that works better than stating that it must be improved. Council can impose a standard that is better than what is there now, if it is applied evenly.

Commissioner Hales said the standard requiring no more runoff than preexisted is only three years old.

Commissioner Sten said the question for him is whether it is adequate. He does not want standards that still mean there is flooding every five years.

Ms. Collis said the Committee is working on language now regarding an impervious lot coverage limitation for the entire City, partnered with other stormwater policies, so a developer has choices to either go with the impervious coverage or with a higher level of water quality treatment. They are also working on on-site measures in residential areas.

Disposition: Ordinance No. 170806 as amended. (Y-5)

2001

TIME CERTAIN: 2:00 PM - Grant residential solid waste, recycling and yard debris collection franchises in the City of Portland (Ordinance introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said this is the first reading of an ordinance approving a new solid waste and recycling franchise agreement with existing haulers. He said it took establishment of a residential franchise system in 1992 for the City to improve its recycling efforts. Residential uses have responded well to the recycling program and early results from the commercial area are very promising. He noted the City Auditor's report which shows continued high ratings for the garbage and recycling collection service although the ratings are not quite as good for the cost. The fact that rates have been stable for five years at the same time new services have been added is a real plus. He noted that in October, 1996, Council approved a resolution in support of continuing the franchise system and directed BES to develop a new agreement with the haulers. The Public Utilities Review Board was also included in the process and the Auditor has now released its report.

Susan Keil, BES, Solid Waste Manager, said there is an 81 percent participation rate for the residential recycling program, the amount of disposed pounds per household is decreasing, customer concerns have dropped markedly and service satisfaction ratings have risen to 76 percent. Even 72 percent rank the rates as okay or better. The new agreement includes a provision protecting customers if Metro decides to raise tipping fees and a mechanism to stabilize rates due to fluctuating recycling markets. She reviewed issues raised regarding the agreement, including how to treat disposal fees in ratemaking. Other jurisdictions with franchises were surveyed and, without exception, they include disposal in the base for calculating hauler profit. They also examined

whether operating margin is the best method for determining hauler returns and found that all the jurisdictions use that method. In response to whether 9.5 percent is an appropriate operating margin, the survey found Portland at the median. Survey results were mixed as to whether franchise fees were included in operating margin calculations but they found that hauler performance is very good under the present system, which offers incentives allowing haulers to share in productivity improvements. Another question concerned risk-sharing programs for recycling revenues. A mechanism to stabilizing rates is proposed in this agreement. Rates will be relatively unchanged but customers will have some protection against increased tipping fees and fluctuating recycling rates. The disposal fee has been capped at the existing level and any increases outside of inflation will be treated as a pass-through expense. If Metro increases the tipping fees, only the portion attributable to inflation could be passed onto ratepayers. Franchise fees will no longer be in the base for computing haulers' profits.

Jim Hagerman, BES, described the rate stabilization model that will be used to offset fluctuations in the recycling markets.

Ms. Keil said disincentive and incentive premiums in the garbage rates are a rate review, not a franchise, issue and will be discussed later. The City's rate structure is currently set up so that customers will get the benefit of any decrease in Metro rates. Some new performance measures will be introduced and BES expects to introduce new goals in January. She said the combined residential and commercial recycling rate right now is 44 percent.

Lee Barrett, BES, Commercial Recycling Coordinator, said as of January 1, 1996, all businesses were required to recycle. He said preliminary numbers for 1996 indicate a significant increase in the percentage of those recycling, from 18 to 55 percent. Clearly the direction that commercial recycling is taking will be considered when BES sets its new recycling goal, probably for the year 2000, with benchmarks along the way.

Paulette Rossi, Solid Waste and Recycling Sub-committee, Public Utilities Review Board (PURB), said the Auditor's audit of the residential franchise system questioned the current agreement allowing a 9.5 percent profit margin on tipping fees to haulers. Citizens also expressed concern that this was a mere pass-through expense and that profit margin should be based on actual cost, investments and risk. The profit margin was subject to much debate by her committee. The haulers felt they were at some risk on disposal fees because of the basis used to calculate them. Haulers also felt they were at risk for tipping fees if customers did not pay their bills. There is, however, an allowance for bad debt. If the profit margin was extended on the tipping fee, the ratepayer receiving a weekly 32-gallon can would pay \$4.40 a year. BES expressed concern that dropping this low could cause haulers to forego investment in technology that would reduce costs over the long term. Last year PURB debated whether the garbage rate should be raised \$.30 on the 32-gallon can, or

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eliminate the technology investment. They chose to take the money from the technology fund because they could buy down rates later with improvements. BES also felt hauler morale would drop by removing the profit margin on the disposal fee. The proposed new agreement is better than the current one as the haulers have agreed to pass through any extraordinary expenses in tipping fees to their customers. Also any decrease in can weights will include a calculation for the profit margin. All parties involved in negotiating the new agreement called for continuation of the franchise system, which accomplishes City goals. The PURB also studied the fluctuating franchise fee. The new agreement does have an internal tool for rate stabilization. PURB found the most volatile aspect of the collection system is the recycling market. The full PURB will make a decision on the agreement at its January 8 meeting and would like to testify at the second reading of this ordinance.

Duane Woods, Regional Counsel for USA Waste and Metropolitan Disposal Corp., PO Box 11229, 97211, said as Auditor Clark has noted, the most significant factor affecting garbage rates is Metro's disposal fee, currently \$75 per ton. Tomorrow the Metro Council will consider a proposed amendment to Metro's contract with Waste Management, about which there has been almost no public input. He said while this proposal is much better than the original one negotiated by Metro Executive Rena Cusma, it is still flawed. There is no guarantee that any savings will be passed onto ratepayers. That is a critical issue for the haulers. Second, this deal is not as good as the one Waste Management recently signed with Seattle, which indicates its rate is probably as low as \$17 or \$18 a ton, compared with the \$25.12 under this proposal. The proposal before Metro is also structured in a bizarre fashion. The current volume of waste coming from Metro to the landfill is over 700,000 tons. While the diversion program may reduce volume, this contract calls for a very high front-loaded weight. This means Metro gives Waste Management money at the start of the year and gets the savings later. It is also a poor incentive for recycling and bad for competition. He called for careful review and said there is no reason this agreement should be rushed through. He said the City should give notice to Metro that it expects to be consulted and that savings ought to be returned to ratepayers.

Commissioner Lindberg said Council could direct staff to go to Metro tomorrow and convey the City's concerns.

Commissioner Sten said he is not sure this is the best deal but the City needs to talk to Metro about passing on whatever savings are achieved. He would like to request that Metro give the City more time to review this.

Mayor Katz suggested sending a letter to Metro.

Commissioner Kafoury said Council does not know enough to know if a delay would be helpful.

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Ms. Keil said she is not sure this is the best deal that can be negotiated and a delay will allow time for closer analysis as clearly the issue of passing through the savings is very significant.

Dave White, Chair, Tri-County Council and regional representative for the Oregon Refuse and Recycling Association, said he is surprised that the Metro agreement with Waste Management was not run by either the Metro Solid Waste Advisory Committee, of which he is a member, or the Rate Review Committee. He said he does not understand why this is on such a fast track. The Tri-County Council, which represents the haulers, is very concerned with rate stabilization because of the fluctuations in recycling revenues. However, this agreement is a good one for the City, the haulers and for the citizens.

Michael Hutchings, Chair, BES Solid Waste Advisory Committee, said the Committee unanimously supports the new agreement. He said Portland ratepayers are treated unfairly when Metro savings are not passed on.

Jeanne Roy, Recycling Advocates, asked for a delay in approving this agreement until a plan is in place for a better recycling program. She said the 60 percent recycling goal, set in 1991, will not be met unless staff is directed to develop a plan. Instead of lowering that 60 percent goal because of the difficulty in achieving it, the date should be extended to 2002. She said the City also needs to incorporate food waste composting into its recycling system if it is to meet the goal.

Commissioner Lindberg requested a staff review of the resolution accompanying Ms. Roy's testimony. He noted a 1991 resolution calling for goals and a plan that was passed in conjunction with the franchise agreement.

Ms. Roy said in 1991 Council approved a resolution the same day it passed the franchise agreement and she would like to see that happen again.

Mayor Katz said if Council decides to do that, she would like to see a date set for presentation of the plan.

Ms. Keil said they have been submitting a recycling plan to Metro each year and that forms the basis for their grant funding. She said her earlier comments that most of the progress in reaching the remaining goals comes from the commercial sector responds to Ms. Roy's comments.

Mayor Katz asked staff to work on some kind of resolution.

Ms. Keil said she would, but noted there is also a declaration of policy which is part of the Code.

Renee Kimball, 2224 SE Umatilla, 97202, supported a resolution to reaffirm the City's direction. She said she is very disappointed with the plan of action as it

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needs more details and time lines. She called for more promotion and education about recycling and for the use of more volunteers.

Chris Taylor, Oregon Students for the Public Interest in Government, said Portland must carry the full weight in reach the recycling goals. He recommended that it set a 60 percent goal and push out the date for achieving it. He called for setting very specific goals with benchmarks and numeric targets.

David McMahan, Cloudburst Recycling, supported the revised agreement, which reflects the cooperative efforts of the City, the haulers and the citizens.

Ray Phelps, representing Oregon Waste System, 1211 SW 5th, 23rd Floor, 97204, said discussions between his company and Metro over the disposal contract have been going on for 1-1/2 years and further delays can cost ratepayers \$85,000 a month. He said Seattle's rate is higher, not lower, than Metro's, contrary to earlier testimony. He said, to date, Metro has reduced the cost by \$2,000,000 and the benefit to the Oregon Waste System is that there will be increased tonnage going to the landfill at the discretion of Metro. The rate structure was set up in such a way that Metro can control the rate and drive down the cost of disposal depending on the volume. Whether or not any resulting savings are passed along to the ratepayers is Metro's decision.

Commissioner Lindberg asked about the public involvement in these discussions.

Mr. Phelps said much of the information is proprietary and concerns information his company does not want to disclose publicly. The public, however, is represented by its elected officials, who are given the information on a non-disclosure basis.

Commissioner Sten said he does not question Metro's ability to make decisions but the City will be more comfortable if more time is taken so it can assure the public that this is the best deal possible.

Mr. Phelps said the City can be more open because it has a franchise that guarantees a profit. That is not the case for his company's contract with Metro.

Barbara Clark, City Auditor, supported removal of the franchise fee from the calculation and making it a pass-through expense. She said she would have been even more pleased to see the Metro disposal fee put into the same category. Deleting the inflation clause on the tipping fee so that it would be held at its present rate and only putting the increases on a pass-through basis would be a painless way to achieve a more logical computation. She also expressed concern that among the allowable expenses are both appreciation and replacement of equipment. This sounds like equipment purchases are being counted twice. She said the Metro Auditor attended the briefing by

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Councilor Ed Washington and did not feel that sufficient information had been presented.

Commissioner Hales noted that Metro's policies have a big effect on the City's bottom line, or in this case, the ratepayers. He said it is important to get the facts as this is a 12-year sole provider agreement and any consequences last a long time.

Commissioner Lindberg suggested sending a letter asking Metro to assure the City that it will provide some rate relief if tipping fees are reduced. The City would like Metro to take a stand on that now. He asked if Council wanted to ask Metro to delay its decision tomorrow.

Commissioner Kafoury said she would feel more comfortable if the letter stated that the City wants to make sure the whole Metro Council has had time to review the agreement and is comfortable with it. That is better than asking for a delay for a non-specific purpose.

Commissioner Sten said the public needs to understand the basis on which it has been made.

Ms. Keil said they can craft a letter from Council asking for a delay to allow further examination of the pass-through.

Mayor Katz asked if everyone was comfortable adding the Consumer Price Index (CPI) to the fee.

Ms. Keil said both disposal and anything above CPI would be treated as a pass-through expense although it looks like Metro is going the other way.

Commissioner Lindberg noted this will pass to a second reading in 60 days. No more testimony will be taken except from the PURB.

Mayor Katz said Council would also like to hear the outcome of any delay agreed to by Metro.

Disposition: Passed to Second Reading January 22, 1997 at 9:30 a.m.

At 3:50 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 DECEMBER, 1996 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Hales, Kafoury, Lindberg and Sten, 5.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Bill Manlove, Deputy City Attorney; and Officer Timmy Evans, Sergeant at Arms.

2004

TIME CERTAIN: 2:00 PM - Presentation by Mayor Zhang Xin Sheng of Suzhou, China of the gift of a Lake Tai rock to the City of Portland (Presentation introduced by Mayor Katz)

Discussion: Mayor Katz conferred honorary citizenship upon Mayor Sheng and officially accepted the Lake Tai rock the City of Suzhou has presented to Portland.

Mayor Shen said the rock is a significant token of friendship between the two cities.

Commissioner Lindberg said in 1985 he travelled to China to select the perfect Sister City for Portland, the best assignment he ever had.

Disposition: Placed on file.

Mayor Katz and Council members paid tribute to Commissioner Lindberg's 17 years as a Council member.

Others praising his accomplishments included:

Charles Jordan, Director, Bureau of Parks and Recreation
Ethan Seltzer, Portland State University
Lloyd Anderson, former City Commissioner and Director of the Port of Portland

Commissioner Lindberg talked about some of the things he learned during his years as Council member, working with five mayors and 12 commissioners. He said this is his 2,550th Council meeting. He estimated he has attended 32,000 meetings over the 17 years and suggested that Portland's motto could be "the City that meets."

2005

TIME CERTAIN: 2:15 PM - Accept the Issues for Controlling Willamette River Combined Sewer Overflows Report from the Willamette River Stakeholders Task Force and provide direction to the Bureau of Environmental Services on the integration of the issues into the Willamette predesign project (Resolution introduced by Commissioner Lindberg)

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Discussion: Dean Marriott, Director, Bureau of Environmental Services (BES), said the work on the Willamette River is about half the total CSO program, or about \$350,000. This Task Force was established to gather information about the impact of CSOs on the Willamette, find out what the public wanted out of this program and then make a series of recommendations to the Council about implementation. The report submitted today comprises the first phase and, if this acceptable, the alternatives presented will be analyzed with the public to determine the best solution.

Brian Bainnson, Stakeholders Task Force member, identified the two general principles and nine non-ranked priorities contained in the Task Force report. The two general principles guiding the project are to have a completely integrated approach to the clean-up and maximum public involvement. The Task Force would like to guide the public involvement process to ensure that the public gets the information it needs.

Bill Hutchison, Vice Chair, Stakeholders Task Force and former Chair, State Environmental Council, said with Council approval the Task Force will reconvene in April and work with the technical staff and the public on the issues identified in the report. They hope to hold workshops and look forward to a continuing stake in implementing this expensive project, not an easy job.

Commissioner Kafoury thanked the Task Force for including broader Willamette River basin impacts as an issue. She asked when the Governor's Task Force will be done.

Mr. Marriott said they are working on proposals for this legislative session but the bulk of their work will not be ready until the next legislative session.

Commissioner Hales asked what role is envisioned for neighborhood associations in the public involvement efforts.

Mr. Bainnson said the Task Force wanted flexibility about public involvement and there was concern about getting a broad spectrum of public input.

Commissioner Lindberg asked if the neighborhood associations could do some of the public involvement work.

Mr. Marriott said he met with Diane Linn of the Office of Neighborhood Associations (ONA) about this. The Stakeholders have asked for some time to work with the Bureau and ONA to develop a plan that will make everyone comfortable. The bureau will return to Council in 90 days after further work with the Task Force and staff.

Commissioner Hales said BES has already had success in hiring ONA volunteers, specifically with the downspout disconnect program. He suggested setting up a process so that the district coalitions could make proposals on some

of the public involvement work.

Mr. Mariott said they intend to do that.

Commissioner Hales asked what information would be sought through the independent polling referenced in the report.

Mr. Bainnson said the Task Force wanted to go beyond the self-selective group that attends workshops to make sure they get broader citizen input. They hope through the poll to get further confirmation regarding the nine issues and their priority. For instance, people at the workshops may say they would be willing to spend up to \$20 more per month to clear up the River but that, in actuality, could prove to be a very small group.

Mayor Katz suggested convening a random focus group to get beyond simple yes and no answers.

Steve Johnson, Task Force member, said they will stress public involvement and cross-governmental solutions. They also want to examine soft-tech solutions.

Mike Houck, Task Force member, enthusiastically endorsed the report. He said it is appropriate to spend money to have neighborhood groups do some of the work and he stressed the importance of public involvement in implementation.

Barbee Williams, Task Force member, said neighborhood groups could do a lot of the public involvement work and this could be a good way to solve some of the neighborhood association funding problems discussed yesterday.

Paulette Rossi, Public Utilities Review Board Sewer Sub-committee, said the Stakeholders report talks a lot about broad public input but BES must have continual ongoing involvement with existing City boards and commissions with an expressed interest in its projects. She said no member of PURB knew whether amending the contract to provide construction management for the CSO Columbia Slough project was good or bad. Members did not know this was even coming to Council. Adding a PURB member to the Stakeholders group was a small step forward even though often too much time has elapsed for PURB to give input to Council. BES should regularly inform interested parties of the big issues coming before Council.

Disposition: Resolution No. 35581. (Y-5)

2006

Authorize two-year contract with Montgomery Watson Americas to provide professional engineering services for the Willamette River predesign project in the amount of \$2,452,350 (Second Reading Agenda 1953 introduced by Commissioner Lindberg)

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Discussion: Commissioner Lindberg said an amendment has been prepared at the request of Council to allow for changes in the scope of work at the sole discretion of the City. It will allow the City to unilaterally reduce or eliminate items from the scope. He also noted the Mayor's wish to reorganize Citywide public involvement efforts to become more efficient. Commissioner Hales had asked at the prior hearing about the total public involvement program in the BES and Mr. Marriott has supplied information in his December 16 memo to Council. A third level of discussion concerns the \$204,000 in this contract designated for public involvement component. He noted that Commissioner Sten had requested that the \$204,000 be set aside and not spent until there is further review. Approval of the amendment will allow that.

Commissioner Sten said he would like to hold a meeting with a representative from each Commissioner's staff and BES in January to go over the current plan and lay out any issues. Then BES can work with the Stakeholders Group on the public involvement plan and bring it back to Council in 60 to 90 days. In the meantime, BES should go ahead with the other critical pieces.

Commissioner Hales asked if BES planned to hold the public involvement portion in abeyance until that Council discussion.

Commissioner Lindberg said that was his understanding.

Bill Manlove, Deputy City Attorney, said language has been added to Section 18-B but an extra paragraph was left in (18-C) that should be deleted as it creates ambiguity with the new language.

Commissioner Lindberg moved to remove paragraph 18-C. Commissioner Hales seconded and, hearing no objections, the Mayor so ordered.

Mayor Katz said her idea about consolidated public involvement efforts Citywide will evolve a little later and she does not want that to hold up this contract.

Commissioner Lindberg said Mr. Marriott's December 16 memo does an excellent job of defining the public involvement activities in BES, which has 113 capital projects underway and a \$72 million annual budget. One question for Council may be whether it wants to have 100 meetings when there is a project like this or if there is a different way to do it, i.e. working with neighborhood associations, not contractors.

Mr. Marriott said if this contract is approved, BES will hold up the work on public involvement. They will involve the Office of Neighborhood Associations and work with the stakeholders in crafting an approach they are comfortable with and then return to Council. He said he would like at some point to discuss with Council his bureau's overall approach to public involvement.

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Mayor Katz suggested a Council Informal.

Commissioner Lindberg moved to amend the contract (to add 18-B). Roll was called. (Y-5)

Commissioner Hales said he will vote yes on the amendment and on the contract next week but still wants to see a single coherent public involvement effort. He does not want to see additional engineering contracts with public involvement components built into them. Council also needs to look at the double standard for public involvement efforts in General Fund bureaus versus ratepayer-supported Enterprise Fund bureaus. He said BES has nine dedicated public involvement positions, one for each watershed plus two for the Slough, and now it is proposing, through contracts to add additional public involvement components. That is a lot of public involvement spending compared to other bureaus. He noted that the Parks Bureau has 114 capital projects under construction right now and typically the person who designs the public work actually conducts the public involvement process. Here there are too many intervening layers and there is an overly complex array of contractors and supervising subcontractors reporting to City staff.

Mike Houck, Audubon Society, said the people doing public involvement in the watersheds need to be there because the work they are doing is quite different. They are not superfluous positions.

Disposition: Passed to Second Reading as amended January 2, 1997 at 9:30 a.m.

S-2007

TIME CERTAIN: 3:15 PM - Declare City of Portland's desire to conditionally commit \$600,000 to the Metropolitan Exposition-Recreation Commission (MERC) for maintenance, marketing and operation of the Civic Stadium and the Portland Center for the Performing Arts subject to the Metropolitan Service District taking certain action to enhance MERC autonomy and fiscal efficiency (Resolution introduced by Mayor Katz and Commissioner Lindberg)

Discussion: Commissioner Lindberg moved the Substitute resolution which corrects the alignment of the stars. Commissioner Kafoury seconded and hearing no objections, the Mayor so ordered.

Mayor Katz said Commissioners Lindberg and Kafoury have worked for about a year to craft a solution for ownership and management of these facilities. Finally, there is something here that will keep the facilities together and ensure that local governments provide the necessary resources to operate them. The hotel/motel industry have made a commitment to fund it and the County has agreed to commit additional resources from the hotel/motel tax towards these facilities.

Commissioner Lindberg said the substitute acknowledges the City's

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responsibility for capital expenditures, clarifies that a total of \$1.3 million will go the Performing Arts Center. It also clarifies that the user fees are for non-profit principle tenants. He said this is one of those rare moments when everyone appears to be in agreement and it would be better to go forward rather than delaying this any further.

Tanya Collier, Multnomah County Commissioner, described elements in the ordinance Multnomah County recently passed authorizing \$3.8 million towards convention center operations and expansion and \$1.2 million for the Portland Center for the Performing Arts (PCPA). It was accompanied by a resolution which calls for the Metro Regional Facilities Committee Facility to report back in 90 days with suggestions on how the facilities can operate in a more independent and entrepreneurial manner and how overhead charges can be minimized. It also calls for the City to contribute \$600,000 and asks Metro to continue to seek regional funding for all the facilities.

George Richardson, Northwest Natural Gas, speaking for Robert Ridgely, said they fully support both the City's and the County's resolutions, which are an integral part of the funding solution for these facilities.

George Bell, PCPA Chair and outgoing MERC member, stressed the importance of the PCPA in establishing the cultural and commercial vibrancy of downtown.

Clark Worth, Portland Opera, thanked the City for its leadership in finally resolving PCPA problems. This provides long-term certainty to arts groups and frees up scores of volunteers who have spent many hours working on these issues. He thanked Commissioner Lindberg for never losing faith in finding a solution to the funding issues over the last two decades. He said over the next 90 days the City needs to pressure MERC and Metro to streamline their management practices.

Harriet Sherburne, PCPA, said this funding agreement will allow them to keep the buildings in good repair. She noted that this package commits the City to spending about \$600,000 a year to more intensive maintenance and repairs. This stable funding will be of enormous benefit. One issue remaining is the amount of the reserve fund. The financial plan calls for a reserve of \$1.8 million to cover severe losses and as a source for loans on bigger ticket items.

Martha Richards, no address stated, said few facilities in the country collect this level of both user fees. She urged a reduction in user fees and noted the employment opportunities and number of free performances the local tenants provide.

Ross McKeen, Portland Center Stage, said the PCPA solution has four pillars: 1) the County real estate transfer tax; 2) capital funding; 3) user fees; and 4) restructuring of the MERC/Metro relationship. He said user fees were drastically increased a few years ago to cover costs and requested that they now

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be returned to their former levels to enable arts groups to do the kinds of world class programs that cost more.

Bob Van Brocklin, speaking as a citizen but also as a member of many arts boards, said MERC reduced rental rates several years ago and needs to hold the line. He said MERC needs the tools to manage economically and effectively.

Larry Harvey, representing Tri County Lodging Association, said this agreement epitomizes the good partnerships that have developed over the past few years. He said they support the flexibility of the management team and are very interested in reducing costs.

David Leiken, 2990 SW Vista Dr., 97225, presented a contrary view. He said most communities do not have user fees but have an admission tax that tends to run from five to 10 percent of the ticket price. Generally no one is exempt from admission taxes, including the symphony, opera or a commercial presenter. He said his company, with a \$3.5 million annual payroll, is unable to schedule dates in the facilities and he believes this agreement sanctions rental policies that have led to the current situation. He said it is a mistake to bail out the arts groups when they are not paying their fair share. He said this is a takeover of the building by the wealthy art elite who already pay very little rent and now do not wish to pay user fees either. Most national polls show that less than five percent of the public supports the non-profit arts while another 95 percent supports other forms of entertainment. They are being asked to pay an unfair share of the price of keeping these buildings open and operating. This shuts the door for commercial enterprises.

Commissioner Lindberg said this would not raise his rates, just reduce others.

Mr. Leiken said all the low-cost users, including the opera and symphony, generate much less revenue for the facilities than just one of his shows. He said if their costs are lowered, they will use the building more and more, excluding those who have to pay more.

Commissioner Lindberg said competition for dates is an issue but this one needs to be solved first before trying to see what can be done to increase capacity.

Mayor Katz said she would like to hear more from Ms. Sherburne on this.

Four citizens testified in support of the City's long-term commitment to maintaining Civic Stadium. They included:

Jim Sterk, Athletics Director, Portland State University
Jack Cain, Portland Rockies
Ron Simonson, Athletic Director, Portland Public Schools
Tom Welter, Oregon State Athletic Association

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In response to questions by Council regarding competitive scheduling, Ms. Sherburne said the 1994 business plan analyzed the four PCPA stages and emphasized the need to maximize earnings, especially at the larger halls. A pricing mechanism was imposed on the non-profits to promote more efficient use and schedules were shifted to accommodate the large for-profit shows at the Civic Auditorium. She noted that the two current Broadway show series take between 60 to 70 days, pushing other events to Schnitzer Hall. Portland has recently been discovered as a major market for mega hits, which are very lucrative for the halls but need blocks of eight weeks. She said the halls are over capacity now and the City needs another 2,000 to 3,000 seat facility in the next 10 years to meet demand.

Commissioner Lindberg said MERC is a remarkable success story.

Commissioner Kafoury said she is willing to wait another 90 days but hopes this is the last act as far as MERC is concerned. She would also like Council to look at the City's relationship with OMSI as it would be tragic to lose this community treasure.

Commissioner Sten noted that passage of this resolution will cost the City \$600,000 in existing programs, a difficult challenge even though this is a high priority.

Mayor Katz said resolving these issues has been very difficult. The \$600,000 is not really enough as the Civic Stadium has major needs that must be funded in some fashion in the next several years. She said the City did not end up managing the facilities but it needs to make sure they have the resources to operate well. She hopes Metro votes unanimously to approve this solution.

Disposition: Substitute Resolution No. 35582. (Y-5)

At 4:45 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner

By Cay Kershner
Clerk of the Council