



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 18TH DAY OF MARCH, 1998 AT 9:30.A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Hales and Sten, 4.

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

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

CONSENT AGENDA - NO DISCUSSION

- 279 Reject all bids for furnishing an annual supply of sidewalk repair services (Purchasing Report - Bid 98112)
- Disposition:** Accepted.
- 280 Accept bid of Genesis Investments Inc. dba: Precision Images for furnishing an annual supply of reprographic services and supplies for \$43,901 (Purchasing Report - Bid 98114)
- Disposition:** Accepted; prepare contract.
- 281 Accept bid of CEMS, Inc. for Portland Heights Park improvements for \$160,536 (Purchasing Report - Bid 98122)
- Disposition:** Accepted; prepare contract.
- 282 Accept bid of James W. Fowler Co. for Alder Basin sewer reconstruction phase 2 unit 3 for \$2,491,117 (Purchasing Report - Bid 98125)
- Disposition:** Accepted; prepare contract.
- 283 Accept bid of S-2 Contractors Inc. for SE Portland sanitary sewer for \$140,230 (Purchasing Report - Bid 98132)
- Disposition:** Accepted; prepare contract.
- *284 Authorize temporary appointment of Chrystella Byers to the position of Senior Information Systems Manager at a rate of pay above the mid-range (Ordinance introduced by Mayor Katz and Commissioner Hales)
- Disposition:** Ordinance No. 172061. (Y-4)

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Mayor Vera Katz

***285** Pay claim of Phyllis and Andrey Stevenson (Ordinance)

Disposition: Ordinance No. 172062. (Y-4)

***286** Establish one Clerical Specialist position in the Bureau of Purchases and Stores and one Program Manager II-Sr. Scheduler/Estimator position in the Bureau of Environmental Services, in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Ordinance No. 172063. (Y-4)

Commissioner Jim Francesconi

***287** Contract with Multnomah County providing City funds for Aging Services Division's district senior centers (Ordinance)

Disposition: Ordinance No. 172064. (Y-4)

***288** Authorize agreement for acquisition of the Brenner Property, east of Powell Butte Nature Park, adjacent to Johnson Creek in the Urban Waterways Local Share target area (Ordinance)

Disposition: Ordinance No. 172065. (Y-4)

Commissioner Charlie Hales

289 Accept contract with CEMS, Inc. for the SW Multnomah Blvd at SW 48th Avenue slide repair project as complete, and release final payment (Report; Contract No. 31367)

Disposition: Accepted.

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

Disposition: Ordinance No. 172066. (Y-4)

***291** Authorize the Purchasing Agent to sign an Emergency Purchase Order to serve as a contract with Andersen Pacific Contractors, Inc. for landslide repair services in the amount of \$86,296 without advertising for bids, and provide for payment (Ordinance)

Disposition: Ordinance No. 172067. (Y-4)

***292** Agreement with Oregon Department of Transportation to provide for the Grand Avenue column relocation as a portion of Water Avenue Extension LID Project (Ordinance)

Disposition: Ordinance No. 172068. (Y-4)

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Commissioner Gretchen Miller Kafoury

- *293** Amend Contract with Transition Projects, Inc. for providing shelter and services to homeless men and women by increasing the amount by \$196,419 and modifying the scope of services (Ordinance; amend Agreement No. 31496)

Disposition: Ordinance No. 172069. (Y-4)

Commissioner Erik Sten

- 294** Authorize final payment to Moore Excavation for 16-inch, 12-inch, 8-inch and 6-inch water mains in SE Clatsop Street and SE 48th Avenue/SE Mitchell Street (Report)

Disposition: Accepted.

- 295** Accept completion of the Columbia Boulevard Wastewater Treatment Plant, Project No. 5388, and authorize final payment to Triad Mechanical, Inc. (Report; Contract No. 30456)

Disposition: Accepted.

- 296** Authorize a contract with the lowest responsible bidder for the Columbia Boulevard Wastewater Treatment Plant dragchain housing replacement, for the Bureau of Environmental Services, and provide for payment (Ordinance)

Disposition: Passed to Second Reading March 25, 1998 at 9:30 a.m.

- *297** Authorize a contract and provide for payment for the Midcounty Cleanup Project, Package "C", Project No. 6365 (Ordinance)

Disposition: Ordinance No. 172070. (Y-4)

- *298** Authorize a contract and provide for payment for the Midcounty Cleanup Project, Package "D", Project No. 6366 (Ordinance)

Disposition: Ordinance No. 172071. (Y-4)

- *299** Authorize a contract and provide for payment for the Midcounty Cleanup Project, Package "E", Project No. 6367 (Ordinance)

Disposition: Ordinance No. 172072. (Y-4)

- 300** Authorize the Mayor to submit two proposals to the Urban Consortium Energy Task Force for applied energy research and demonstration grants to: (1) export sustainable technologies and services (\$75,000) and; (2) hold workshops and transfer information on Portland's fuel cell power plant (\$25,000) (Ordinance)

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Disposition: Passed to Second Reading March 25, 1998 at 9:30 a.m.

- *301** Amend Intergovernmental Agreement with New York, Boston, Seattle, San Francisco, and Tacoma to study unfiltered water supply system regulatory needs (Ordinance; amend Agreement 50855)

Disposition: Ordinance No. 172073. (Y-4)

- 302** Authorize an agreement with Murray, Smith, and Associates, Inc. for an amount not to exceed \$50,000 to perform miscellaneous professional design engineering services and provide for payment (Ordinance)

Disposition: Passed to Second Reading March 25, 1998 at 9:30 a.m.

- *303** Authorize a contract with US West Communications Services, Inc. for network integration services for an upgraded local wide area network serving the Bureau of Water Works in the amount of \$380,000 and provide for payment (Ordinance)

Disposition: Ordinance No. 172074. (Y-4)

- *304** Authorize the Water Bureau Administrator to appoint Steve Fulmer at the top rate of the salary scale of Program Manager III, effective upon appointment (Ordinance)

Disposition: Ordinance No. 172075. (Y-4)

- *305** Authorize a contract and provide for payment for the repair and rehabilitation of drainage structures at Mt. Tabor, Reservoir 5 (Ordinance)

Disposition: Ordinance No. 172076. (Y-4)

- 306** Authorize a contract with the lowest responsible bidder for the Hayden Meadows Pump Station improvements and Holgate Pump Station fencing for the Bureau of Environmental Services, and provide for payment (Second Reading Agenda 262)

Disposition: Ordinance No. 172077. (Y-4)

City Auditor Barbara Clark

- *307** Update billing fee charged for transactions generated by the lien accounting system (Ordinance; amend City Code Title 17)

Disposition: Ordinance No. 172078. (Y-4)

TIME CERTAIN: 9:30 AM - Accept Development Services Building Report No. 1 (Report introduced by Commissioner Francesconi)

Discussion: Commissioner Francesconi said the building has been redesigned at the urging of Commissioner Hales and the Mayor to include retail on the first floor, but not a daycare center. Because of the redesign, a refinancing package has been prepared which increases general fund monies by \$257,000 but will save more than \$1 million over the life of the building.

David Kish, Director, Bureau of General Services (BGS), said this redesign responds to Council concerns that the initial design was too suburban. Another issue was utilization of the ground floor for retail and daycare space. He said the financing package will actually save in excess of \$1 million on the purchase price of the building.

Nels Hall, partner with Yost, Grube and Hall Architecture, described in detail the major design elements as well as development of a flexible floor plan that meets all departmental and public needs. They believe this building will be an urban landmark that will incorporate retail on 4th Avenue and be an asset to the South Auditorium area.

Mr. Kish said they have to break ground on this in late Spring in order to complete it in July, 1999. The Bureau asked for a pro forma for a daycare center but found that locating it on the first floor would conflict with other space needs, require transporting the children to an off-site outdoor play area and require an approximately \$56,000 annual subsidy. They recommend that the City do a market analysis to see what could be done with Portland State University in the future. About 2,000 square feet on the first floor will be allotted to retail use and a print shop will also be available. With the redesign, the building lost about 4,000 square feet in space but ended up with better space utilization and will probably be able to serve the same number of people. Mr. Kish described the financing arrangements, noting that the building is to be financed through offset leases -- currently the City is renting about 100,000 square feet of space. Analysis showed using tax-free bonds to finance it in one piece could save \$1.8 million on the building purchase price so the price has dropped from \$26.5 million to \$25.3 million. He outlined some of the payment options and said the Office of Finance and Administration (OFA) agrees that putting in a little cash (\$230,000) up front for each of the first three years will save more than \$1 million over 20 years. The financial plan also allows them to plan the entire building at once and aggregate about 10,000 square feet of space that can be rented to others or reserved for bureau expansion. The original overall budget of \$28.7 has not been changed but the \$1.2 million in savings has been moved into contingency. If it is not spent it will be used to cover long term maintenance for the building.

Commissioner Sten asked how much the City pays for rents now and if this building will replace the need for that expense.

Mr. Kish said the City pays about \$1.7 million a year in rents now and this building will replace the need to do that. The lease cost will be in the range of \$20 per square feet. Many of the City's current leases are short term subleases at rates that would probably not be available again.

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Commissioner Sten asked how much more per year it will cost and whether landlords were queried as to whether they could extend current leases.

Mr. Kish said it will cost about \$230,000 or more. The cost has to be compared to the market, not what the City currently pays. Leasing provides the most flexibility but is the most expensive option. That is why they the RFP offered the options of a long term lease, purchase of an existing building that could be retrofitted, or a new building. Four of nine proposals submitted were evaluated and this was the unanimous choice. Mr. Kish said they wanted to aggregate bureaus in one space and not be in seven or eight locations. The lease options they received were more than the price of the new building.

Commissioner Sten said Council needs to make it clear that it is better to consolidate some of these services in one place.

Mayor Katz asked if there will be additional costs to meet the upcoming Blueprint 2000 recommendations.

Mr. Kish said they have accommodated space for a number of people who would move in conjunction with Blueprint 2000.

Mayor Katz asked if the \$237,000 is built into the financial plan.

Mr. Kish said probably not as it has emerged only recently. That is the general fund portion per year for three years; the non-general fund is another \$100,000. The mortgage payment schedule could be changed so that less of a down payment is made although overall that would cost more.

Mayor Katz asked who bears the cost said if the rentable space stays vacant.

Mr. Kish said he is confident that space, if consolidated into one 10,000 square-foot piece, can be rented out.

Mayor Katz asked if the original reason to do this building in this location was to help PSU.

Mr. Kish described the City's arrangement with PSU to rent space to the the Portland Development Commission (PDC) and the License Bureau. PDC will move to the new tower building when it is built and PSU is interested in expanding into that space when PDC moves out.

Commissioner Sten said it appears that the City's payments will be a guaranteed \$2.2 million for 20 years. He realizes it is unfair to compare that with the \$1.7 million in leases the City currently pays as the price will go up.

Mr. Kish said a Grubb and Ellis analysis indicated that the rents will be substantially higher.

Commissioner Sten said the strategy the City did not consider was renting for five years and waiting to see what the market might do.

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Mr. Kish said he queried their current major landlords, i.e. PacWest, to see if the City could extend its leases and was told no. The current proposal for the new building scored the highest in every analysis that was done.

Commissioner Sten asked for a memo showing projected rents and the full cost of this building. He noted the assumption was made that operations should be consolidated, rather than maintained at scattered sites.

Commissioner Francesconi said this project will save money for the taxpayers and make services more efficient so that Blueprint 2000 can be implemented. He asked BGS and OFA to reanalyze the financial information and then asked two commercial realtors for outside evaluations. Their conclusion was that owning was superior to renting and he believes the proposal selected is a very deal good for the City. The ability of the building to accomplish the purposes of Blueprint 2000 also needs discussion. The savings are so significant that they more than compensate for the value of the land under the building. There are examples, such as the ODS tower, of such arrangements in the private sector. Regarding location, this building is not as convenient a walk to other City buildings but freeway access is much better, transit service is available and parking rates are much lower for short term visitors. He noted that the selection committee very strongly recommended this option.

Mr. Kish said this was a rigorous process and the market said this was the best deal. He also believes the 99-year lease with Portland State could be extended beyond that time.

Commissioner Sten said it appears the City is treating all locations as equal as it is less concerned about turning the property over than a private entity owner would be. He said the State Office Building block seems more desirable to him from that standpoint.

Mr. Kish said location was a factor the committee ranked in terms of utility, not economic value. The long term utility of the State Office Building must be considered versus this property which already has all the foundation. He also believes that the City will be a catalyst for redevelopment of this area along with Portland State.

Pat Prendergast, 333 SW 5th, 97204, took exception to the condominium nature of this endeavor, noting that there are very few instances where a condominium office is used as a way to own something. Most space is leased or owned outright and it is very unusual for the RFP to offer the option that the proposal could be a condo space. The lease proposals as modeled could never be as cost effective unless they were 30-year fixed leases, very much as the GSA has done in the past so the best financing costs can be applied. Since that was not explored, a 10-year lease with options to extend 10 years was rendered moot. PacWest might well have offered a fixed lease for 30 years. Given the 10-year lease model versus purchase, the only option left was build-to-suit, and that is what the City is negotiating in a condo ownership. One cannot prepare a build-to-suit proposal in 30 days on a building of this magnitude in the Central City and that is why the City received so few responses. Thus, the outcome was predetermined as every other proposer would be at a disadvantage unless they had an existing building or one on the drawing board. Offering 180 days would have resulted

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in many responses for a build-to suit to purchase. Mr. Prendergast said he is also concerned about the efficiency of forcing permittees to travel back and forth between this building and the Portland Building.

Commissioner Hales and Mayor Katz both agreed that Mr. Prendergast' last point is a valid one.

Commissioner Sten asked if the City would have received more responses if there had been a different type of financing arrangement and people had been given more time.

Mr. Prendergast said this arrangement is a clumsy way to own real estate and it reduces flexibility. The Port of Portland did this at the Lloyd Center and selling that building was a nightmare when it decided it wanted to relocate. In terms of location, it makes more sense to purchase space closer to existing City buildings. The 30-day time line crippled the process, curbing the number of proposals.

Commissioner Francesconi said the main disadvantage of the condo ownership appears to be due to the difficulty in resale of the building.

Mr. Prendergast said disadvantages include financing, occupancy, documentation of the transaction and the fact that the City does not own the land. The private sector would have difficulty financing a condo without the ability to float bonds. If condo ownership, which limits flexibility, is such a good vehicle why is it so rarely used? Also, in the private sector the desire for ownership is paramount and in Portland even a ground lease, like ODS Plaza, is unusual. There is much greater appreciation with private ownership.

Commissioner Francesconi said he had financial models rerun to take that into account. The savings from the condo approach, in the opinion of the City's budget analysts and several commercial realtors, justify this option.

Mr. Prendergast said that is because it was compared to a 10-year lease, not a 20- or 30-year one.

Commissioner Francesconi said from the analyses done, there appear to be significant savings from this approach versus owning the land.

Mr. Prendergast did not agree. He said it is hard to compare land ownership at a fixed cost to a condo or lease situation.

Commissioner Sten asked if the cost per square foot is about right.

Mr. Prendergast said it is expensive but it is a high quality building. If it had been a more competitive process, the cost might have been lower. The City did not get the benefit of marketplace input in this case as the RFP was predisposed to select a building like this in this location. It seems to be a reasonable proposal, however, except for the locational impracticalities and the fact that no one knows what the cheaper price might have been.

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Regarding location, Mr. Kish said in the proposal the developer included a shuttle system to take people back and forth to the Portland Building and City Hall. The City already has condo arrangements with the County for the Justice Center and the Portland Building. The RFP called for a minimum 10-year lease but with options to extend so the City was flexible enough to accommodate what the market proposed. He cited advantages to a condominium arrangement, including shared operation and maintenance costs. While 30 days may seem too short, everyone in town knew this project was coming. Four of the nine proposals were for the construction of new buildings and only one could not meet the July 1, 1999 timeline. The proposal for the State Office Building did not compete as well as this one either.

Mayor Katz asked him to identify the cost of having the City provide van service between the buildings.

Commissioner Francesconi said based on the savings and utility, he believes the City is doing the right thing and it is time to move ahead.

Commissioner Sten said he believes this is the best proposal but wishes more time had been given. The short term increase in cost will be paid back dramatically over 20 years as he believes rents will continue to increase in the Central City.

Commissioner Francesconi moved to accept the report. Commissioner Hales seconded. Commissioner Francesconi thanked all those who participated in the selection process.

Commissioner Hales said he appreciates the redesign as well as the exhaustive analysis of the finances and cost benefit.

Commissioner Sten said this will improve the services provided by the City even though it may not be the very cheapest the City could build. At this point, he believes it is a fair deal.

Mayor Katz said if the \$1.2 million in contingency is spent, BGS should return to Council. Also, she does not want to see the City financing empty space. She hopes this building can be a part of the 24-hour City in the 21st Century.

Disposition: Accepted. (Y-4)

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TIME CERTAIN: 10:00 AM - Accept the NE Sandy Boulevard - Parkrose Improvement Plan (project limits NE 102nd - 121st Avenue) report and recommendations (Resolution introduced by Commissioner Hales)

Discussion: Commissioner Hales said this is an Oregon Department of Transportation (ODOT) street improvement project, designed in collaboration with the City and property owners. Funds are committed to this project but the State Transportation Commission decided not to fund any further capital projects so this one comes in under the wire.

John Gillam, Portland Office of Transportation (PDOT) Project Manager, described the improvement plan, which runs along Sandy Boulevard from 102nd Avenue to 122nd Place. Common elements include a continuous turn lane provided throughout the length of the

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project, new sidewalks, street trees, bike lanes and illumination. On the west end, there is a five-lane street that transitions into the core of the Parkrose business district, roughly from 105th to 109th. On-street parking will be provided on the south side and a series of landscaped medians will be added. Further to the east the street again transitions into a five-lane section around the 112th intersection and then down to four lanes. He described other features that will increase circulation and access. He reviewed Sandy Boulevard's history and noted that in 1990 a group of citizens approached the State and City asking that traffic and safety issues be addressed. The original proposal was to restripe the street to remove parking on both sides of the street and provide a five-lane cross section. Council directed PDOT to study the impacts of parking removal and that resulted in a number of alternatives. In 1995, PDOT recommended Alternative Three and based on support by the community ODOT began project development activities. The study found three distinct segments within the area. The segment from 102nd to 105th is heavily influenced by the freeway in terms of land use and traffic while from 105 to 109th it is more historic storefront. The third segment, east of 112th, is reflective of the old auto camps that developed when the old Columbia River Highway was opened in the 1920s. The study also found parking in the business district core should be retained to support the businesses and provide a protective pedestrian environment. Parking elsewhere was not as critical. Traffic along the street is heavy and there is a high incidence of accidents and speeding. The area generally has an unimproved look and there is a lack of integration between the neighborhood and the commercial district.

Jeff Bachrach, representing the Parkrose Business Association (PBA), said the Association requests two design changes. First, they ask that one median strip be moved 150 feet and another be deleted. With or without the medians, the project still works and still supports fundamental Metro 2040 designs. Granting this request will not radically undo the pedestrian aspects or do away with bicycle paths. The PBA believes, however, that not enough weight has been given the access concerns of business owners. In this case, staff and the PBA have come down to an honest policy disagreement.

Commissioner Francesconi asked why these changes should be made.

Mr. Bachrach said ODOT is moving forward rapidly and would rather not make further design changes. That is why the PBA has asked for changes that are doable. Medians do provide a refuge for pedestrians but he does not know why staff is reluctant to move them. From a traffic management and safety standpoint, however, there is not a right or wrong answer.

Mark Butaric, Kittelson and Associates, 610 SW Alder, 97205, said his firm reviewed this and believes it is a great project except for two issues. First, the proposed 107th Avenue median creates future safety issues as drivers will want to turn left into the access and will stop in a through-lane rather than being able to make a left turn. A better solution would be to shift the median down further (by the Wells Fargo Bank) which will allow for future access management and consolidation of access along the street to serve properties to the north and to the Bank property when it redevelops.

Wayne Stoll, President, Parkrose Business Association, said PBA voted overwhelmingly to support the project with the understanding that some of the individual concerns of businesses along Sandy would be dealt with by staff. Last week PBA heard that had not happened and

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that is why they are before Council today. They request that the median strip on 107th be moved east and the median at 105th and Sandy removed to continue to allow southbound left turns onto 105th. Another issue is the removal of some landscaping for businesses along Sandy which currently meet Code buffer requirements. Those businesses would like some assurance that they will not be required to put in additional landscaping several years from now unless they are total redevelop.

Other individuals testifying in support of the Parkrose Business Association changes included:

Judy Hazen, 10120 NE Sandy Blvd., 97220 Manager, Bank of America branch
Bryan Ableidinger, Parkrose Hardware, 10625 NE Sandy Blvd., 97220
Carol Damron, 10505 NE Sandy Blvd., owner of property at 105th and Sandy Blvd.,
97220
Bob Brown, Bob Brown Tire Centers, 12030 NE Sandy Blvd., 97220

Charlie Gilbert, representing C and L Food Market, said removal of off-street parking on Sandy Blvd. will take away 95 percent of the store's trade but they do not object if they are allowed to have one driveway entrance on the west side of the property and a shared driveway on the east side. He said the store has a preliminary plan for a new building but does not believe it will work if the City requires that it be located within 10 feet of the sidewalk.

Pamela Alegria, President, Willamette Pedestrian Coalition, supported the medians, street trees, curb extensions and widened sidewalks that are part of this project. These improvements are essential if Sandy Boulevard is to evolve into a true main street, as designated in Region 2040. Businesses will have access from a continuous left hand turn throughout this segment of Sandy and the prior alternative was a continuous median so this is a compromise. The widening of Sandy has helped businesses obtain access but hinders pedestrians crossing the street. The Coalition requests a change in the location of the medians to the intersections, where motorists expect pedestrians to cross. She cited concern about coordination of the physical improvements once the project is completed and the acquisition of right-of-way after initial construction. In addition, they are concerned that some elements will not be implemented, such as reducing the number of driveways and improving side streets in the circulatory loop on NE Killingsworth.

Mike Hogle, Metro Transportation Planning Manager, said Metro looks to the City to take a leadership role in implementing a well-designed Main Street consistent with the urban growth management functional plan guidelines. This is the first such retrofit in the region and should be a good example to other jurisdictions that are more recalcitrant in trying to implement the 2040 growth concepts. Metro supports the concept of evenly spaced pedestrian crossings within a main street. Varying them is okay but leaving a gap could be dangerous. The need for pedestrian crossings needs to be balanced with safe turning movements.

Nick Nickels, Re-Sell Unlimited, 1187 NE Sandy Blvd., 97220, said he is concerned about putting in a sidewalk now and then developing the rest of his property because the Code will prevent him from putting in two driveways. Another concern for both him and his neighbor, Mike Nixon of Cafe Latte, is the landscaping buffer.

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Terri Jones, Jones Welding Supply, 11230 NE Sandy Blvd., 97220, said her business has been sacrificed to this project. Half her existing front parking lot has already been taken away and she has now been told she must curb the entire front. She asked what could be done to allow her to leave the front part open so cars can have access, rather than just having a curb and driveway access.

Jennifer Young, Parkrose Association of Neighbors, 10834 NE Sandy Blvd., 97220, said the Association supports the project as is. She fears that the plan will be chiseled into something unworkable and lose its cohesiveness. The medians need to stay to invite walkers back into Sandy Boulevard. The median at 105th should remain where proposed, with no turn lane south, in order to stop the influx of truck and business traffic onto a local street. Because of increased speeds and traffic accidents, programs like Speed Watch and the Reclaiming Our Streets team should not be axed.

Mr. Gillam said two major issues were raised -- location of the medians and the driveways. ODOT has an access management policy regarding driveways that calls for a reduction on a street of this type. When the study began there were over 80 driveways on this section of Sandy Boulevard and the ODOT plan reduces that to about 60, some of them temporary. ODOT is working individually with property owners to resolve issues about driveway locations. Staff's basic philosophy regarding location of driveways was to make sure all businesses had access to Sandy Boulevard.

Regarding the medians, Mr. Gillam said the current plan is a fairly substantial compromise from what was originally developed. The primary concern raised by the business community was to have safe vehicular access and improved circulation. That is provided with a center turn lane throughout the length of Sandy. When staff took the project to the City's pedestrian and bicycle advisory committees, they at first opposed it because of their concern about having a wider street. However, adding the medians seemed to them an adequate compromise although there is some desire to have them placed at all intersections. He pointed out to Council the location of the four short medians in the plan and the reasons why they are important. Their length was reduced to address some access issues but some length must be retained if the integrity of the project is to be maintained. He said the suggestion to move the median on 107th up between 107th and 108th would put it too close to the one already there and would require a midblock crossing. One goal of the project is to reorient the commercial area to the neighborhood and it is beneficial to have a consistent line. One median was placed at midblock because there was no alternative in order to get circulation access.

Commissioner Hales asked about the situation at 11230 (the Jones Welding property) where it looks like there are no driveways onto Sandy or any parking on 112th.

Eric Fosberg, ODOT, said there are many places along Sandy where parking for the businesses is located within the roadway right-of-way. If a sidewalk is put in, those areas become non-accessible. The Jones property does have property at the back although it is currently used for storage. He agreed this is a difficult situation but the elimination of parking in front of some stores is one of the results of attempting to provide different forms of transportation. The Jones will also be limited to one driveway rather than allowing drivers to pull in anywhere and then having to back out onto a busy street.

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Commissioner Francesconi asked a Parkrose business representative to respond to Mr. Gillam's testimony.

Mr. Botari said moving the median to midblock on the east side of 107th will allow full access in the future when the driveways are consolidated and future development occurs. Moving it will still serve pedestrians but, unlike the current proposed location, it will not force vehicles to stop in a through lane to turn left into the access. On 105th the issue is circulation and if a left turn is not allowed at this signalized intersection, cars will turn onto other streets where movement is not protected.

Commissioner Sten asked Council what it wished to do.

Commissioner Hales said he is prepared to move ahead with the project as planned. There have been so many compromises already he is not prepared to go any farther. The danger to pedestrians from not having clear crossings at 105th and 107th is too great. He will work with property owners on the landscaping requirements so that the construction of public improvements does not throw them into non-conforming use status and force them to spend thousands on new landscaping when the ODOT project is finished.

Commissioner Francesconi said he is concerned both with pedestrian safety and retaining small businesses, where the issue of access is important. Regarding the second median, he tends to believe it should stay where it is as it appears to him there still is access. He is less certain about the first median but does not know whether pedestrians can be taken care of through an alternative means. Based on the Martin Luther King (MLK) median, which people now want removed, he has some bias against them and would not mind slowing that down.

Commissioner Hales said Barbur Boulevard would be a better comparison than MLK.

Mr. Gillam said MLK has storefront commercial on both sides while Sandy is auto-oriented on one side and storefront commercial on the other. One side is like 82nd and the other side is like Hawthorne, which makes Sandy a very difficult project to do. The other issue on MLK was that the median took away on-street parking while in the Parkrose business core, parking will be allowed on the south side where the storefront commercial is located. A turn lane will also be allowed to give access to the northside businesses. He said currently it is difficult to turn left off Sandy to go south on 105th but once a turn pocket is added, it will become a very attractive route, a primary pedestrian crossing location and a good location for a median.

Commissioner Sten said he is convinced that the 105th median should remain but it would not bother him to move the 107th median as the Business Association proposes. However, he will not overrule the expert testimony unless the whole Council wants to do so.

Commissioner Hales said moving the 107th median will slide it up very close to the next one in the chain.

Commissioner Francesconi asked how much smaller the median is from the original proposal.

Mr. Gillam said the original median went the entire length between 106th and 107th and was

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more of a landscape feature in the core of the business district. All four medians were shortened from their original length.

Commissioner Francesconi said his inclination is to give more access to the businesses but he too will go with the experts, especially as this proposal represents compromises made during the process.

Disposition: Resolution No. 35679. (Y-4)

REGULAR AGENDA

308 Reject all bids for furnishing an annual supply of gasoline and diesel motor vehicle fuel via cardlock stations (Previous Agenda 231; Bid 98088)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

Mayor Vera Katz

***309** Accept a \$7,000 grant from the Oregon Department of Transportation for safety belt enforcement (Ordinance)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

Commissioner Jim Francesconi

***310** Approve application of The Oaks Park Association, a non-profit corporation, for continuation of property tax exemption, with exceptions (Ordinance)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

Commissioner Erik Sten

***311** Amend Agreement with Thomas/Wright, Inc. for design of Fanno Basin pump station and pressure line and for engineering services during construction (Ordinance; amend Contract No. 30524)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

***312** Authorize a sole source agreement with EMA to provide project management, technical review, quality control, and testing for the network integration and network services contract with US West to the Bureau of Water Works (Ordinance)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

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City Auditor Barbara Clark

- 313** Create a local improvement district to construct street and sewer improvements in the revised SW Evans Street/19th Avenue Local Improvement District (Second Reading Agenda 270; C-9911)

Disposition: Continued to March 18, 1998 at 2:00 p.m.

Communications

- 314** Request of Mark A. Senffner to address Council regarding community safety in the Buckman neighborhood (Communication)

Discussion: Mark Senffner, 728 SE 26th, objected to the establishment in his neighborhood of the Delta Methadone Clinic which recently moved from the Hollywood District to 26th and Belmont in order to increase their client population. He said there are 2,400 heroin visits to the clinic per week with a proposed increase to 3,600. He said the clinic is in a business zone surrounded on three sides by residential and he has found drug paraphernalia in his yard and witnessed drug sales. Mr. Senffner noted the oversaturation of social services throughout the Buckman neighborhood, with 61 now and more expected. Burglary is up one-and-half times, according to the outreach officers, and property crimes are up also within a five-block radius of the clinic. Mr. Senffner said Vancouver has outlawed methadone clinics, resulting in even more people coming to the Delta Clinic. He said Vancouver needs to have its own clinic and asked for Council's help in resolving this unacceptable situation.

Council said they will review the saturation issue as well as whether the City is serving a population that ought to be served by the State of Washington.

Disposition: Placed on File.

At 12:30 p.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 MARCH, 1998 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Hales and Sten, 4.

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

REGULAR AGENDA

308 Reject all bids for furnishing an annual supply of gasoline and diesel motor vehicle fuel via cardlock stations (Previous Agenda 231; Bid 98088)

Discussion: Commissioner Hales moved to accept the amended purchasing report calling for the rejection of all bids. Commissioner Francesconi seconded and, hearing no objections, the Mayor so ordered.

Harry Jacocks, Senior Procurement Specialist, Bureau of Purchases, said the Bureau recommends that the bid be rejected due to various omissions in the technical specifications.

Susan Schreiber, Interim Purchasing Director, said they plan to rewrite the specifications.

Diana Phillips, Director of Fleet Services, Jubitz Corporation, said two weeks ago Council agreed that the bid requirements were met and that Jubitz was a responsible and responsive bidder. Purchasing at that time asked to go back and see if there was something wrong with the dates. For the first time in years someone other than Albina bid on this and the Jubitz bid would probably would not have been called into question except for that. She said Jubitz' bid is the lowest and now that Albina knows what it is, it will be almost impossible to have any competition in the second round.

Mayor Katz said the file was turned over to a second City Attorney for review and this was the recommendation that came back.

Ms. Schreiber said both City Attorneys recommended a rebid.

Jim Van Dyke, Deputy City Attorney, said he reviewed the specifications and bid documents submitted by Jubitz and Albina. He said the bid documents made it very difficult to tell what it was the City was really asking for and who was going to be the lowest-price competitor. He said the bid specifications should be clarified and that is his primary reason for recommending this be rebid. There was nothing in the bid documents, for example, about testing equipment and the City cannot impose requirements that are not in the those documents. He also looked at the Jubitz bid because it imposes some contractual conditions on the City that were not contained in the bid document. For instance, the Jubitz bid states that in the event of a dispute

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about a bill, the City had to pay Jubitz anyway and then take up the matter with them. He said there should be a prebid meeting on the next bid to make sure everyone is clear about what needs to be done.

Commissioner Francesconi asked if Jubitz will have to purchase emergency equipment before they get the bid.

Mr. Van Dyke said legally the City could require equipment to be purchased in advance and have it available before a bid. However, he doubts that is necessary as long as contractor have the equipment available at the time they sign the contract. It would be expensive to require all bidders to buy a bunch of equipment they could not use unless they got the bid.

Commissioner Francesconi said that should be mandated or there will never be any competition.

Mr. Van Dyke said it is much easier to legally defend a case where a rebid has occurred because everyone gets another shot at the bid. He believes it meets the standard of being in the public interest to do so. He said the specifications are a little vague and could be sharper.

Ms. Schreiber said the user bureau agrees.

Disposition: Accepted as amended. (Y-4)

Mayor Vera Katz

***309** Accept a \$7,000 grant from the Oregon Department of Transportation for safety belt enforcement (Ordinance)

Disposition: Ordinance No. 172079. (Y-4)

Commissioner Jim Francesconi

***310** Approve application of The Oaks Park Association, a non-profit corporation, for continuation of property tax exemption, with exceptions (Ordinance)

Disposition: Ordinance No. 172080. (Y-4)

Commissioner Erik Sten

***311** Amend Agreement with Thomas/Wright, Inc. for design of Fanno Basin pump station and pressure line and for engineering services during construction (Ordinance; amend Contract No. 30524)

Disposition: Ordinance No. 172081. (Y-4)

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- *312** Authorize a sole source agreement with EMA to provide project management, technical review, quality control, and testing for the network integration and network services contract with US West to the Bureau of Water Works (Ordinance)

Discussion: Commissioner Sten said this will begin to move some of the missing technology into place.

Disposition: Ordinance No. 172082. (Y-4)

City Auditor Barbara Clark

- 313** Create a local improvement district to construct street and sewer improvements in the revised SW Evans Street/19th Avenue Local Improvement District (Second Reading Agenda 270; C-9911)

Discussion: Cay Kershner, Clerk of the Council, said a one-week continuance was requested.

Disposition: Continued to March 25, 1998 at 2:00 p.m.

- 315** **TIME CERTAIN: 2:00 PM** - Report on cooperative agreement between City of Portland Police Bureau and local television stations for news coverage of emergency police operations (Report introduced by Mayor Katz)

Discussion: Mayor Katz said although a tragic incident several weeks ago brought this issue to the forefront, the presence of the media in certain emergency situations, especially those involving hostages or explosive devices, has been a concern for some time. She thanked the television stations for problem solving with the Police and City Attorney and coming to a voluntary agreement.

Jeff Rogers, City Attorney, said the risks created by media coverage in the January incident resulted from a lack of mutual understanding about the legitimate needs of both the police and the media. This agreement reduces the risks but allows strong competition among the television stations to continue, although they will not be able to broadcast live during such incidents. This is a great example of a cooperative and voluntary agreement.

Bruce Prunk, Assistant Police Chief of Operations, said both the Police and the television station news directors benefited from learning about each others' operational needs.

Lt. Cliff Madison, Public Information Officer, said this agreement will apply not just to Portland but all other jurisdictions in the region. Quarterly meetings will be held to address any problems that arise.

Andrew Kirkland, Team Commander, Special Emergency Reaction Team, described the results of the joint meetings between police and the media. He said the police showed station representatives the effect of their microwaves on the police robot. They discussed judgment issues involving live broadcasts and respecting perimeters and also did a noise test with

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helicopters. It was then decided that about 1,000 feet up and a mile out was an adequate distance.

Tom Cropper, Sandy Boulevard neighborhood resident, said this is a "bait and switch" issue since this tragedy resulted from a raid made without a search warrant on a house with marijuana plants in it. He said he is deeply troubled that this qualified as an emergency requiring a raid that resulted in two deaths. He said he would rather have the television crews show the public what is actually happening and called for a citizen-appointed panel to review police abuses.

Louise Weidlich, Director, Neighborhoods Protective Association, PO Box 19224, 97219, said the police should not enter any dwelling without a warrant in hand. She called for an investigation of the suicide of the man who was arrested and restoration of the Police Chaplain position.

Mayor Katz asked for a qualification of what state law allows the police to do.

Bruce Prunk, Assistant Chief of Operations, said the police in this case were responding to the citizen complaints about suspected drug sales. The police were in the process of obtaining a search warrant when the resident, Mr. Dons, began destroying evidence and, under Oregon law, that allowed the police to enter the residence.

Mayor Katz said the television stations will continue to videotape live but will be asked, at the appropriate time, to cease showing the live tape. After the incident is over the public will be able to see everything that has been taped so no one is screening any information. The issue is the time at which live broadcasting is curtailed.

Disposition: Accepted. (Y-4)

Commissioner Jim Francesconi

316 Establish a Parks and Recreation System Development Charge on new residential development applicable at the time of application for a building permit and adopt a new Chapter of the City Code (Second Reading Agenda 188; adopt Chapter 17.13)

Discussion: Commissioner Francesconi said at the last hearing he asked for more time to consider the commercial System Development Charges (SDCs) for Parks. A number of issues were raised at that hearing and several new ones have arisen since then which he would like more time to review. Regarding the non-residential SDC, a new committee is being formed to look at these issues, including the nexus, possible exemptions, and fee amounts. Issues raised at the last hearing included the administrative fees, use of census data, unfunded deficiencies and qualified capital improvements. Commissioner Sten asked how the City could get the affordable housing it needs if non-profits were exempted from the SDC but private developers were not. Commissioner Francesconi said this is an issue that needs to apply to all SDCs, not just parks but also transportation, water and environmental services. He believes it would be better to have a separate study of this issue. Finally, there is the question of how the SDC would affect projects already in the pipe line.

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Mary Ann Cassin, Bureau of Parks and Recreation, recommended two amendments, both regarding credits. The first tightens up the language regarding what is acceptable as a qualified public improvement. The second amendment states that builders must apply for such credits within 90 days after their building permit application.

Commissioner Hales said the 90-day time line should kick in at the time a building permit is issued for construction of public improvements, such as streets, rather than waiting until building permits for the houses are sought. Regarding the first amendment, he is afraid the language may have gone too far and the City will not be able to accept anything. Also, the language from the Transportation SDC used here is not applicable. Parks dedication is not required as a condition of development approval while streets are. Parks needs to have broad latitude to make a qualitative judgment about what it will and will not accept so the City does not get stuck with unusable land.

Commissioner Francesconi agreed that the first amendment is not quite clear.

Ms. Cassin agreed to look at it more.

Peter Kasting, Senior Deputy City Attorney, said the definition proposed in this amendment tracks almost verbatim the statutory definition of qualified public improvement. It represents the level of credit State law requires the City to provide under an SDC program. Council has the discretion to be more generous with credits but that is a policy decision.

Commissioner Hales said the statute sets the floor but he wants to be more generous in using the credit to get park dedications. If a developer is willing to exceed the standard, he wants the City to be able to say yes. He does not want the City to take land, instead of credits, if it does not want it.

Mr. Kasting said Council has to make a policy decision about how generous it wants to be beyond what the statute requires.

Ms. Cassin reviewed issues raised by the Homebuilders. They wanted non-residential developers to pay the fee also and Parks intends to do so as of July, 1998. The Homebuilders also asked that the residential fee be delayed until the commercial fee is adopted but Parks disagrees and intends to move ahead with the residential fees. Staff reviewed the 1996 census figures, at their request, and found that the number of persons per single-family dwelling unit had decreased but the numbers for the other two categories had gone up. Based on that information, the Homebuilders decided it would be better to stick with what is proposed. Objections to the methodology and the nexus were raised and Parks has replied that it will look at all these issues when they discuss the commercial SDC. Because further review of the methodology is being conducted, there will be adequate notice.

David Judd, Parks and Recreation, discussed the unfunded deficiency issue and how maintenance costs are covered. As parks are acquired, some general fund support will be needed.

Ms. Cassin said Parks is committed to completing a five-year financial plan by July. A quick

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projection as to how much could be expected from new tax revenues versus the amount of acreage acquired showed that it would not take a proportionately bigger share of general fund dollars for parks maintenance than it already does.

Commissioner Francesconi said it would mean about \$100,000 a year in additional maintenance or \$2 million over the course of 20 years. That is not that big a number. To overcome the deficiency in parkland will cost about \$53 million over 20 years. The possibility of doing a bond measure is being studied right now and he is considering covering a third of the \$53 million deficiency with money raised by the measure. One possibility is doing three bond measures over a period of 20 years. The policy question for the Council is whether it wants to say that certain areas of the City will have a second-class park system. He noted that 45 percent of the building permits in the past year were for southeast Portland, the most park deficient area in the City.

Mr. Judd said the deficiencies are there, with or without the SDC.

Mayor Katz said she wants to be realistic about operations and maintenance costs. Cost of services should be reviewed to see if there are more creative ways to raise revenues.

Commissioner Francesconi said the issues that need more consideration are credits for qualified public improvement and extending the deadline for projects in the pipe line. He would also like to direct a study of all Parks fees separately from this.

Commissioner Sten said the Transportation SDC exempted non-profits which develop affordable housing at 60 percent median income for rental housing and 100 percent for owner-occupied housing. His intention, however, was that any property built to serve those populations be exempted, not just non-profits. He would like to review the Transportation SDC and not compound that error again. He will also try to figure this out for Water and BES, which do not have these exemptions.

Wendy Cherubini, Bureau of Housing and Community Development, said a few years ago a multi-bureau task force reviewed fee waivers which decided to limit the waivers to non-profits that create affordable housing. The issue of having a level playing field came up recently but more study is needed of the fiscal impacts of SDC waivers on affordable housing. The larger policy issue is balancing the public benefit of a unit of affordable housing against the Parks and Transportation fees received. Monitoring compliance with affordable housing provisions is another issue.

Mayor Katz asked if there is any estimate on the cost of waivers if for-profit developers are included? For non-profits the cost is about \$500,000.

Ms. Cherubini said the Portland Development Commission is preparing those numbers right now to see what the fiscal impact would be.

Commissioner Sten said it is different when there is a long established City policy but when the City is designing a new policy there is an opportunity to predict the revenues correctly.

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While rentals may pose a more difficult problem, it should be easy to decide whether to exempt owner-occupied housing based on its selling price.

Ms. Cherubini said she thinks it will also be possible to verify the rentals as they usually have tax credit agreements.

Ann Gardner, Schnitzer Investment, said property owners in the North Macadam District would like further clarification regarding the credits and how they will be applied. Substantial investments will be made there in the construction of the greenway and the adjacent open space and they are uncertain as to whether that will count as a credit. Ms. Gardner said if additional SDCs are applied on the commercial portion, which cannot as yet be calculated, it will be very difficult to do the pro formas for North Macadam, where mixed-use projects are planned.

Commissioner Francesconi said that problem is created for any developer anytime an SDC program is initiated. The qualified public improvement component would also apply to the commercial side regarding urban parks. There is also the pipeline argument.

Ms. Gardner said they are doing the pro forma on the first 4-1/2 acres now, where they plan 210 housing units, 100,000 square feet of office and 740 feet of greenway. They know what the SDC will be for the housing but not what it will be for the office.

Commissioner Hales said the North Macadam District should be reviewed quickly to see if the credit methodology works well for the community. Park dedications should be encouraged instead of SDC fees if that is a better deal and Parks has some say about which land it wants.

Louise Weidlich, Director, Neighborhoods Protective Association, said this is an unfair charge, just another tax, which will raise the cost of housing for everyone. Subsidized housing is unAmerican and should not be exempted from the charge.

Rich Williams, Real Estate Alliance, said they met recently with Commissioner Francesconi as they wanted to ensure that nexus was a component of the methodology as were fees and exemptions. Their primary issue is the ability to retain their full legal rights up through readoption of the methodology. They intend to work with the City on all these issues and noted that Commissioner Francesconi had agreed to form a broad-based committee of non-residential interests to find a solution that works for the community.

Tom Cropper, Northeast Portland resident, said this is a taxation issue and he believes the only fair tax is a broader-based income tax. He questioned how much of this money will go to parks and how much will go to building recreation facilities. He said he thinks there will be opposition to this from Southeast Portland residents.

John Pointer, ex-Bureau of Environmental Services employee and member of Not in My Pipes, criticized making a small segment of the population or neighborhood bear a burden that benefits the City as a whole. This is a tax on the very few, instead of the many.

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Rose Marie Opp, outer southeast Portland resident, said more time is needed for citizen input. She does not understand why a built-up city like Portland would sell park space to a developer for very little money and then buy new at very expensive prices. She said there are many unanswered questions about what the SDC money will be used for and the cost of administering the program. She called for a complete audit of the \$58 million raised in the last bond measure before any more money is spent for parks.

Mayor Katz said she wants to make sure the City has the ability to match the allotment raised by the SDC as well as to maintain the parks.

Commissioner Hales said the City's SDCs are small in comparison with those in the suburbs, such as in Lake Oswego.


Commissioner Francesconi noted that the full cost of the Parks SDC would be about \$5,000 per housing unit, which is more than what builders will be charged.

Mayor Katz said Council needs to make sure that in adding parks it does not destroy its ability to build the housing it needs to meet urban growth goals. The cost of building in the City compared to the rest of the region will need to be monitored. Housing waivers also need to be reviewed as does the overall impact this has on the City over the next several years.

Disposition: Continued to April 8, 1998 at 2:00 p.m.

At 3:50 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland


By Cay Kershner
Clerk of the Council