



CITY OF

PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 17TH DAY OF JUNE, 1998 AT 9:30 A.M.

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

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

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

CONSENT AGENDA - NO DISCUSSION

830 Accept bid of Dirtworx, Inc. for West Bikeways, NW 23rd/Overton and 23rd/Raleigh, for \$89,341 (Purchasing Report - Bid 98188)

Disposition: Accepted; prepare contract.

831 Accept bid of Nutter Underground Utilities Co., Inc. for SE 91st Avenue from Woodstock to Foster street improvements for \$197,608 (Purchasing Report - Bid 98192)

Disposition: Accepted; prepare contract.

832 Accept bid of Western Waterproofing Co., Inc. for The Portland Building south window repair II for \$150,470 (Purchasing Report - Bid 98200)

Disposition: Accepted; prepare contract.

833 Accept bid of Michael J. Watt, Inc. for Multnomah Center site improvements for \$512,600 (Purchasing Report - Bid 98204)

Disposition: Accepted; prepare contract.

834 Accept bid of Werbin West Contracting, Inc. for NW Miller Road water mains and regulator vaults project for \$880,975 (Purchasing Report - Bid 98207)

Disposition: Accepted; prepare contract.

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Mayor Vera Katz

***835** Authorize the issuance and sale of Tax Anticipation Note, Series 1998, in an amount not to exceed \$15,000,000 (Ordinance)

Disposition: Ordinance No. 172366. (Y-5)

***836** Authorize appointment of Robert Tomlinson to the position of Economist I at a rate of pay above mid-range (Ordinance)

Disposition: Ordinance No. 172367. (Y-5)

***837** Authorize appointment of Lena Ellis to the position of Accounting Manager at a rate of pay above mid-range (Ordinance)

Disposition: Ordinance No. 172368. (Y-5)

***838** Pay claim of My Anh Nguyen (Ordinance)

Disposition: Ordinance No. 172369. (Y-5)

***839** Establish one Administrative Specialist position in the Bureau of Risk Management in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Ordinance No. 172370. (Y-5)

Commissioner Jim Francesconi

***840** Grant permit to Wilsonville Cab, Inc. to provide Agency Requested Transportation services in the city (Ordinance)

Disposition: Ordinance No. 172371. (Y-5)

***841** Contract with Western Waterproofing Co., Inc. for \$150,470 for The Portland Building south window repair Phase 2 and provide for payment (Ordinance)

Disposition: Ordinance No. 172372. (Y-5)

***842** Increase contract with Don Ganer Associates by \$3,000 for consulting services on a Parks systems development charge program (Ordinance; amend PO No. 1020286)

Disposition: Ordinance No. 172373. (Y-5)

Commissioner Charlie Hales

- 843** Set hearing date, 9:30 a.m., Wednesday, July 15, 1998, to vacate two alleyways contained in Block 33, Portsmouth Addition (Report; C-9802)
- Disposition:** Adopted.
- 844** Accept completion of Crystal Springs Rhododendron Garden sewer line and pump station and authorize final payment to CEMS, Inc. (Report; Contract No. 31319)
- Disposition:** Accepted.
- 845** Accept contract with J. P. Contractors, Inc. for Rieke Elementary school softball field renovation and site work as substantially complete, authorize final payment and release retainage (Report; Contract No. 31366)
- Disposition:** Accepted.
- *846** Contract with Dirtworx, Inc. to construct eight curb extensions on NW 23rd Avenue at two intersections, Raleigh and Overton, for \$89,341 and provide for payment (Ordinance)
- Disposition:** Ordinance No. 172374. (Y-5)
- *847** Contract with Nutter Underground Utility Co., Inc. to provide all necessary labor and equipment for the construction of the SE 91st Avenue, Woodstock Blvd. to Foster Road, street improvements project (Ordinance)
- Disposition:** Ordinance No. 172375. (Y-5)
- *848** Agreement with The Larkin Group, Inc. for professional services for the Steel Bridge pedestrian and bicycle crossing and transient boat dock project (Ordinance; waive Code Chapter 5.68)
- Disposition:** Ordinance No. 172376. (Y-5)
- *849** Agreement with the Portland Development Commission to provide a pedestrian and bicycle crossing on the Steel Bridge, ramp connections to the River Overlook and the Eastbank, and a transient boat dock (Ordinance)
- Disposition:** Ordinance No. 172377. (Y-5)
- *850** Authorize a memorandum of understanding and exchange a Congestion Management Air Quality Transit Oriented Development grant for General Transportation Revenue funds for street improvements on NE 16th Avenue (Ordinance)
- Disposition:** Ordinance No. 172378. (Y-5)

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*851 Revocable permit to Alliance for Community Media to close SW Park and 9th between Salmon and Main Streets on July 10, 1998 (Ordinance)

Disposition: Ordinance No. 172379. (Y-5)

Commissioner Gretchen Miller Kafoury

*852 Contract with the Workforce Development Board for \$177,011 for the Summer Mini-Proposal Youth Employment & Enrichment Program and to provide for payment (Ordinance)

Disposition: Ordinance No. 172380. (Y-5)

*853 Amend agreement with Central City Concern by increasing the amount by \$360 of General Funds to purchase equipment for the Jobs Resource Center at Clark Center and provide for payment (Ordinance; amend Agreement No. 31670)

Disposition: Ordinance No. 172381. (Y-5)

Commissioner Erik Sten

854 Accept project by John May Construction to provide general construction services for the Operations Building, first floor improvements, as substantially complete and authorize final payment (Report; Contract No. 30259)

Disposition: Accepted.

855 Increase contract with Multnomah County Office of Community Action and Development by \$10,000 (Ordinance; amend Contract No. 31562)

Disposition: Passed to Second Reading June 24, 1998 at 9:30 a.m.

*856 Authorize agreements for the conveyance of property to the Bureau of Environmental Services, subject to certain conditions being fulfilled, and authorize acceptance of deeds and payments of expenses (Ordinance)

Disposition: Ordinance No. 172382. (Y-5)

*857 Authorize payments to Project Software Development, Inc. for annual customer service plan (Ordinance)

Disposition: Ordinance No. 172383. (Y-5)

858 Authorize an Intergovernmental Agreement with Portland State University to conduct a weight study of residential garbage and recycling services in the amount of \$86,306 (Ordinance)

Disposition: Passed to Second Reading June 24, 1998 at 9:30 a.m.

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- 859** Authorize construction contract with the lowest responsible bidder to perform minor repairs to the existing 102-inch effluent outfall pipeline at the Columbia Boulevard Wastewater Treatment Plant (Ordinance)

Disposition: Passed to Second Reading June 24, 1998 at 9:30 a.m.

City Auditor Barbara Clark

- 860** Certify abstract of votes cast at the Municipal Non-Partisan Primary Election held in the City of Portland, May 19, 1998 (Report)

Disposition: Accepted.

REGULAR AGENDA

- 822** **TIME CERTAIN: 9:30 AM** - Proposed Use of State Revenue Sharing Funds (Hearing introduced by Mayor Katz)

Discussion: Mayor Katz read a statement regarding the use of state revenue sharing funds.

Disposition: Placed on File.

- 823** Accept recommendation for expenditure of State Revenue Sharing Revenues for FY 1998-99 (Report introduced by Mayor Katz)

Disposition: Accepted. (Y-4)

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

Discussion: Mark Murray, Office of Finance and Administration, said this certifies that the City does provide the services enumerated in the applicable ORS statutes relating to the use of State shared revenues.

Disposition: Resolution No. 35702. (Y-5)

- *825** Elect to accept funds from the State of Oregon under the State Revenue Sharing program for FY 1998-99 (Ordinance introduced by Mayor Katz)

Discussion: Mr. Murray said this ordinance authorizes acceptance of the State revenue sharing funds.

Disposition: Ordinance No. 172384. (Y-5)

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- *826 Create one new fund in FY 1998-99, close three City funds and transfer the remaining balances effective June 30, 1998 (Ordinance introduced by Mayor Katz)

Discussion: Mr. Murray said two Fire and Police Disability and Retirement funds associated with Ballot Measure 47 are being closed as they were not needed. The Autoport Fund is being absorbed into the Parking Facilities fund and a new construction fund is being created for the Bureau of Parks.

Disposition: Ordinance No. 172385. (Y-5)

- *827 Levy taxes for the City of Portland for the fiscal year beginning July 1, 1998 and direct the Director of Financial Management to submit said tax levy and other certifications to the County Assessors of Multnomah, Clackamas and Washington Counties (Ordinance introduced by Mayor Katz)

Discussion: Mr. Murray noted that all City tax levies for the next fiscal year total \$193,547,854.

Disposition: Ordinance No. 172386. (Y-5)

- *828 Adopt the annual budget of the City of Portland and establish appropriations for the fiscal year beginning July 1, 1998 (Ordinance introduced by Mayor Katz)

Discussion: Mr. Murray said an amendment has been distributed with the suggested budget notes and a completed Table 1, the appropriation table for all expenditures for the next fiscal year. Commissioner Kafoury moved the amendment. Commissioner Hales seconded and, hearing no objections, the Mayor so ordered.

Commissioner Kafoury moved to delete the reference to fire inspection fees in the budget notes. Hearing no objections, the Mayor so ordered.

Commissioner Kafoury then moved to delete the reference in the budget note on the Office of Neighborhood Information (ONI) as there is some uncertainty about the City's ability to spin off the mediation services to the non-profit community. Commissioner Sten seconded and, hearing no objections, the Mayor so ordered.

Commissioner Hales asked what it means to have the Police investigate acquisition of a helicopter.

Mayor Katz said the Police Bureau Advisory Committee recommended the purchase of helicopters but the Bureau has not had a chance to review that. She has asked the Chief to do so.

Commissioner Hales said purchasing a helicopter would be a tactical change in policy and he does not want to see the City incrementalize, through a budget note, a major policy change without Council debate.

Mayor Katz assured him that would occur. She said the Advisory Committee has approached almost all the neighborhood associations and there is a 50/50 split between those who want

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resources spent for officers on the street versus those who support use of a helicopter.

Mr. Murray noted there have also been discussions about fixed-wing aircraft.

Mayor Katz said the Bureau does rent fixed-wing aircraft and helicopters. The question was whether it is cheaper to rent or purchase a fixed-wing aircraft and it appears now that it is cheaper to rent.

Commissioner Francesconi said he does not think the helicopter reference should be a budget note and moved that it be deleted. Commissioner Kafoury seconded and, hearing no objections, the Mayor so ordered.

Commissioner Hales called for removal of the sentence in the financial plan for the Parks Bureau which states that the plan will include operations and maintenance costs and offsetting resources for the Southwest Community Center. He said the operating costs of the facilities authorized by the 1994 GO bond have already been included by Council resolution in the five-year financial forecast.

Mr. Murray said the intent was to try to find alternate financing mechanisms for the community centers but he would be happy to delete that.

Commissioner Hales moved to remove that sentence. Commissioner Kafoury seconded and, hearing no objections, the Mayor so ordered.

Commissioner Hales said on the final page of the budget notes there is a reference to Planning, Transportation, the Portland Development Commission (PDC) and the Office of Finance and Administration (OFA) working together to create a process for the allocation of main street and regional implementation planning funds. He questioned the need for this when there is a capital budgeting process and there are no special funds in this account.

Mr. Murray said that was included when funds were still available and may be moot at this point. He left it in for Council to decide.

Commissioner Francesconi said getting Council to look at how to fund the Main Street projects is something that needs to happen. He would oppose taking it out.

Commissioner Hales said he is just trying to figure out how it fits with the capital planning process.

Ken Rust, Director, Bureau of Financial Management, said a separate process was anticipated but since the money has been taken away it kind of hangs by itself. The original idea was that it would be a separate process.

Commissioner Hales moved to amend that budget note to add Water, the Bureau of Environmental Services (BES) and Parks to the bureaus that will work together to develop a process and criteria for directing capital funds to main streets, town centers and regional centers.

Mayor Katz said Parks ought to be a part of this too. This idea captured Council's imagination during its discussion with the Planning Commission and was reflected in the budget. Because of the commission form of government, a formal way is needed to pull in all the bureaus so that they work together.

Commissioner Hales said this could be very helpful because the City does not really have a unified capital planning effort, just a bunch of bureaus trying to figure out how to carve up \$3 million in general fund capital. To really make these regional centers work, all hands must be on deck.

Commissioner Kafoury seconded Commissioner Hales' motion. Hearing no objections, the Mayor so ordered.

Commissioner Francesconi said issues relating to education, transportation and maintenance of community gathering places have all been addressed in this budget and a balance between the needs of the central city and the neighborhoods has also been struck.

Commissioner Hales said he is very happy with this budget although he is worried about future financing for schools and transportation unless the 1999 legislature shows more leadership in these areas.

Commissioner Kafoury noted that next week a GO bond proposal for fire stations will be before Council.

Commissioner Sten said this is a very good budget even though there are some holes.

Mayor Katz said this is a two-year budget and the end product is better because of some initial disagreements among Council members. She asked Council to be very prudent in authorizing expenditures as the City still does not know the final interpretation of the urban renewal funds under Measure 50. That may impact what can be done with those funds and could also impact the amount of general funds available.

Disposition: Ordinance No. 172387 as amended. (Y-5)

Mayor Vera Katz

861 Agree to co-sponsor Milwaukie/Clackamas County Enterprise Zone (Resolution)

Discussion: Mark Clemmons, Director, Economic Development, Portland Development Commission, said this would authorize the City to become a co-sponsor of a new enterprise zone established along the Multnomah/Clackamas County border. Precision Castparts is located within the zone and about three percent of its proposed expansion area is located within the City limits. The city of Milwaukie and Clackamas County are requesting that Portland become a co-sponsor in order to include the portion within the City in the new zone. Precision Castparts projects a minimum investment of \$25 million for the expansion, the creation of 300 quality jobs and a 40 to 50 percent increase in their sales over the next five years. OFA estimates the budget impact over five years to be about \$23,600. A Memorandum of Understanding between Marshall High School

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and Precision Castparts has been signed for the training of students and Southeast residents. It will also result in a co-First Source agreement between the City's Workforce Development Board and Clackamas County's workforce agency.

Mayor Katz noted that the City has stopped giving tax abatements unless a strong community desire is demonstrated. In this instance the community will get something back from the expansion in terms of workforce and training.

Individuals speaking in support of the designation included:

Jan Wirma, Portland Public Schools School/Work Liaison,
Colin Karr-Morse, retiring principal, Marshall High School,
Franklin/Marshall region
Greg Wallach, new Principal, Marshall High School
Neil Megas, Assistant to the President for Community Relations,
Portland Community College

Supporters described how this partnership can help Marshall High School achieve its long-planned transformation into a technology and manufacturing learning center, located in an Outer Southeast community where it is hard to keep kids in school, partly because of their low aspiration levels. This action will cement a relationship between Marshall and a large, growing company in training both Marshall students and their parents.

Commissioner Sten said he will not vote for this even though he is a strong supporter of Marshall's efforts. He said the City cannot afford to set a precedent which implies that the way to get businesses to partner with schools is to pay them to do so. Businesses are now paying 35 percent of the property taxes, down from 50 percent, and are hurting for skilled workers. This is the wrong way to fund school programs even though the project is a terrific one.

Mayor Katz said she believes Council did discuss this earlier and that the enterprise zone program was curtailed with the understanding that if the community was excited about something, they would bring it to Council. At that time she believes there was no strong opposition. She was opposed to this zone until Precision Castparts agreed to give something back to the community.

Commissioner Sten said there has been no discussion, however, about the Council's overall policy on enterprise zones, including the minimum standards expected from a company to get a tax break and how this relates to other companies in the same business who are now at a competitive disadvantage. Nor are Council's expectations regarding labor relations, or how much money the school will get, spelled out. He would prefer not to make such decisions on a happenstance basis.

Commissioner Hales agreed about the need for a policy discussion but said this is a peculiar case where 97 percent of the district is in Clackamas County, which requested that the City not stand in their way on this.

Commissioner Francesconi said Commissioner Sten is right that there was never a discussion on this and, on the broader question of whether tax incentives for economic development purposes are

needed in the current economy, the answer is generally no. However, he will vote aye because the cost to the City is only about \$5,000 a year and it will help implement a needed program for kids who are aspirationally-handicapped.

Mayor Katz said she believes Council discussed abatements and decided not to bring any forward. This came from Clackamas County and when one looks at the demographics in outer southeast, one finds a population in greater poverty than North/Northeast Portland. Because of Council's nervousness about tax abatement, she did not want to bring this forward until the community received something in return. The collaboration between Precision Castparts and Marshall High School is well worth a very small expenditure. For its \$5,000 a year, the City is asking that the program have an academic curriculum and that the standards be carefully spelled out so students gain transferable skills.

Disposition: Resolution No. 35703. (Y-3; N-2, Kafoury and Sten)

***829 TIME CERTAIN: 10:30 AM** - Submit to the voters a measure authorizing the issuance of general obligation bonds in the amount of \$64,850,000 to pay for capital construction and improvements for parks and recreation (Ordinance introduced by Commissioner Francesconi)

Discussion: Commissioner Francesconi said this bond measure will help the City maintain the parks it has, provide more safe places for students and seniors and allow the purchase of additional land in park deficient areas.

Mary Anne Cassin, Project Manager Parks Bureau, said the list of projects to be funded by this measure is the result of months of deliberation and outreach to citizens. She showed slides to indicate the current condition of the parks and buildings slated for improvement and described what those improvements would be. She also showed maps to indicate park deficient areas in the City town.

The following individuals testified about the important role the University Park Community Center plays in their lives and supported renovation of the Center:

Anthony Trice, no address stated
Crystal McDonald, staff person, University Park Community Center
Lawrence Ivory, no address stated
Antoinette Edwards, Columbia Villa/Tamarack Resource Center
Coordinator

Bruce Swanson, Mt. Scott Community Center, supported the ballot measure based on the important role the Mt. Scott Center plays in his neighborhood and the need for further improvements there.

Paulette Rossi, Southeast Portland resident, said there must be a guarantee that park land acquired by a bond vote can only be sold or traded after another public vote. Council also needs to commit to a policy that sets a continuous percentage of general fund revenues to Parks maintenance and operations. One reason these bond measures are needed is because Council has never adequately

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funded Parks and repeated bond measures put it in a begging position.

Candy Palmer, Southwest Portland resident, said although the Portland Parks aquatics program was named the number one program in the United States for large cities, there are still four leaky pools that need to be fixed. She also noted the need to acquire more parkland in Southwest.

Grace Hague, Manager, Southwest Loaves and Fishes, located in the Multnomah Art Center, supported the ballot measure as a means of providing safe, healthy places for kids, families and seniors. She listed the many improvements needed at the Multnomah Center.

Tom Cropper, Rose City Park resident, asked for an accounting of how the \$40 million raised through the last Parks bonds measure was spent. He said \$65 million is a hard sell but if this does pass, protection and maintenance of the existing parks should come first.

Several residents from the Clara Vista Apartments testified about the need for more parks and recreational opportunities in the Cully neighborhood. Speakers included Virginia Salinas, a Multnomah County family resource center staffperson at the Clara Vista apartments, and a number of young persons who accompanied her.

Lee Jenkins, Director, University Park Community Center, stressed the important role community centers play.

Lili and Irwin Mandel, 1511 SW Park Ave., expressed concern about the efforts of some citizens to halt the siting of the Holocaust Memorial in Washington Park.

Lin Harman-Walker, Director, Friends of Trees, expressed pleasure about the one percent of the bond measure specified for urban forestry.

Alice Blatt, 15231 NE Holladay, 97230, said she is pleased that the Wilkes area now has two acres of parkland. She strongly supported the bond measure, which will supply \$17.5 million for park and land acquisition, of which \$7.5 is slated for East Portland.

Corinne Weber, Southwest Portland resident, said many of her neighbors are very upset about the "mess" on SW 45th and Vermont, siting the new Southwest Community Center, and many oppose construction of this "big box" recreation center in competition with the private sector. Neighbors believe they were deceived by cost estimates which varied by the millions and by a public participation process that was a sham.

Rose Marie Opp, Southeast Portland resident, called for an audit of the \$58 million authorized for parks by the 1994 bond measure. Now the City wants another \$64 million. She criticized the loss of trees and green space and the sale of City-owned park land. She said parks need to be preserved rather than chipping away at them.

Lewis Marcus, North Portland resident, called for creation of a citizens park commission and a Master Plan for the parks. He questioned why this is an emergency ordinance.

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Luiz Bianco, Executive Director, Oregon Chicano Council of Alcohol and Drug Abuse program, stressed the need for park activities for young people, especially for hispanic youth who have nowhere else to go.

Commissioner Francesconi said while a few mistakes may have been made, the City has learned from them and they are overshadowed by what has been accomplished. He agreed there should be a performance audit of the entire Parks operation and about the need to involve citizens in creation of a Master Plan and in the operation of the parks. He said the role of parks and park land has to be rethought in light of increasing density and the demands of the next century. His highest priority has been to maintain the parks and noted that the 47 proposed cuts in maintenance have all been restored. However, there are still no funds to cover many other park maintenance needs or to purchase more land. This measure will allot \$17 million to buy more land before it is gone.

Commissioner Hales said if voters support this measure, it will send a message to the community that parks and recreation are not frills, but basic ingredients for the safety and livability of neighborhoods.

Commissioner Kafoury said this a wonderfully balanced proposal that is appropriate to send to the voters at this time.

Commissioner Sten said this is a very good proposal. It will be up to the voters to decide whether to make this investment. He noted that questions had been raised about identifying some areas near Forest Park as park deficient and the answer is that these areas are deficient in active recreation opportunities, such as soccer fields.

Mayor Katz said quiet, natural spaces need to be balanced by active spaces where people can play games. She said Council has been very prudent about placing measures on the ballot which raise property taxes and is concerned about the potential impact if all the many measures on this year's ballot pass.

Disposition: Ordinance No. 172388. (Y-5)

862

Adopt the 19th Amendment to the Downtown Waterfront Urban Renewal Plan to establish authority to purchase property at 333 SW Oak (Ordinance)

Discussion: Bruce Wade, Development Manager, Portland Development Commission (PDC), said this will allow PDC to acquire a 90-unit apartment building, "The Oak," and preserve it as affordable housing. He said this loss of housing is due to HUD's decision not to renew Section 8 assistance to private property owners. The Planning Commission unanimously supports this purchase, which met on three separate occasions to move this along.

Disposition: Passed to Second Reading June 24, 1998 at 9:30 a.m.

- 863** Authorize selection of an option as the method for collecting ad valorem taxes sufficient to pay indebtedness issued or incurred to carry out existing urban renewal plans, including: Airport Way, Central Eastside, Downtown Waterfront, Oregon Convention Center and South Park Blocks (Second Reading Agenda 803)

Disposition: Ordinance No. 172389. (Y-5)

Commissioner Charlie Hales

- 864** Consider vacating a portion of SW Texas Street west of SW 45th Avenue, at the request of Dennis Whalen and Taeko Fox (Hearing; Report; C-9945)

Discussion: Commissioner Hales moved that this be approved and that the City Engineer prepare an ordinance. Commissioner Francesconi seconded.

Disposition: Approved; City Engineer prepare ordinance. (Y-5)

Commissioner Erik Sten

- *865** Contract with Beak Consultants, Inc. to provide fisheries support services to address the regulatory requirements of the Endangered Species Act and the Clean Water Act (Ordinance)

Discussion: Commissioner Sten said this will allow the City to identify regulatory problems and possible responses to these requirements, with the bulk of the work concentrated on studying the effect of the Bull Run system on steelhead. An allotment of \$50,000 is also included to address issues raised by Transportation, Parks and other City bureaus.

Disposition: Ordinance No. 172390. (Y-5)

- 866** Authorize a contract and provide for payment for the Bull Run Lake fish habitat structures, Phase I (Previous Agenda 771)

Discussion: Commissioner Sten said this concerns the mitigation measures the City must take to extend its permit with the Forest Service for another 20 years on the Bull Run Lake, part of the City's water storage system. The lake water is needed only about once every four or five years. Because there are cutthroat trout in the lake, any time the lake is drawn down, the fish habitat is disturbed. The proposal negotiated with the Forest Service will allow some logs to be placed in the Lake which could serve as habitat when it is drawn down. There is some skepticism as to whether this will work but something needs to be done to mitigate the impact on the fish. He does not believe the use of cement and logs will hurt water quality. The cost is \$80,000 and he is convinced it would cost a lot more to renegotiate this permit.

Mike Rosenberger, Director, Water Bureau, described prior Council resolutions supporting a variety of mitigation measures to ensure that the cutthroat trout population is not adversely affected. The implementation of these fish structures carries out part of that mitigation requirement. The Council's intent was to get as much flexibility as possible about using the Lake

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and more mitigation requirements went hand-in-hand with that. A variety of specialists have determined that the 10 structures planned will not adversely affect water quality. Mr. Rosenberger said public involvement efforts have been extensive and while opponents have legitimate issues they have not, even on appeal, made it into the permit.

Steve Kucas, Water Bureau biologist, said there is a biological justification for such structures and they will be carefully evaluated. Similar structures have been placed in the Lake previously without adverse impacts.

Opponents of the proposal included the following individuals:

Tom Cropper, 2534 NE 63rd, 97213
Joe Miller, Jr., 52815 SE Marmot, Sandy, OR 97055
Frank Gearhart, Citizens Interested in Bull Run,
PO Box 3426, Gresham, 97030
Frances Cook, 2006 SW Sunset Blvd., 97201
Cherie Holenstein, 6141 SE Steele, 97206
Tom Boon, Secretary, Bull Run Heritage Fund, 7343 SW 28th,
97219
Phil Dreyer, 742 SE 39th, 97214

Opponents said more fish will not enhance the quality of Bull Run water. Dr. Miller said the Forest Service permit requires the admission of the public to the watershed, which will endanger the purity of the water and is just another step towards multiple use. Mr. Gearhart requested that Council hold a public hearing and seek more informed citizen comment before approving this. Many said Council actions should not be driven by the Forest Service and that there is no reason for a cockamamie scheme like this to ensure that more non-native fish are available in the lake for eagles to pick off.

Mayor Katz said she is at a loss as to why the City is doing this. She asked what will happen if this is not done and what is the significance of native versus non-native fish in this environment. Finally, are there eagles there and what is the City trying to protect the fish from?

Commissioner Sten said the City is trying to do everything it can to ensure that water quality is not harmed and protect cutthroat trout in the future. The negotiation that led to this agreement concerned the conditions under which the Forest Service would allow the City to draw the Bull Run Lake down. There is a sense that if the Lake is drawn down dramatically, the fish habitat will be disturbed. Over the last 100 years, no one cared about fish habitat but that has changed and now the Water Bureau is trying to find a balance between protecting the fish that are there and protecting the water quality. Under federal law, all reasonable mitigation standards must be met and this is reasonable. It will not hurt water quality and may very well help the fish.

Mr. Kucas said there is no solid information as to whether these trout, which are now considered genetically distinct, were planted in Bull Run Lake or not. There are roughly 2,000 fish there now and any action that would affect them would be closely scrutinized by the Forest Service and the Oregon Department of Fish and Wildlife. He explained what happens when the Lake is drawn

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down and noted that the purpose of this mitigation is to ensure that the logs are always in contact with the water to provide the habitat the fish need.

Mr. Boon said the Water Bureau is saying that Bull Run Lake does not have a naturally-occurring food supply to support a large population of fish. If the fish have been there for more than 80 years and there are only 2,000, there is not enough food for them. What is being created here is an environment to enhance a population that most likely did not exist to begin with. This is an artificial manipulation of the environment and will deteriorate the condition of the water to a point where it supports something that was not there originally.

Commissioner Sten said federal law, which he supports, says that if reasonable measures can be taken to offset harm to a species, they must be taken. It is not the City's position that the fish must be saved or that it knows for sure what will happen. It is simply a reasonable measure that will not hurt water quality.

Mayor Katz asked how far down the water level would need to be drawn to endanger the species. Council has always resisted drawing down the water and used other sources to provide water.

Mr. Rosenberger said he will supply that information later.

Commissioner Sten said the federal standard is that the City must take reasonable steps to prevent something that might hurt a species. He said he believes these log rafts will help protect the food supply for these fish without hurting the Bull Run at all. If Council votes this down, he will have to reopen an eight-year negotiation with the Forest Service and indicate what the City will do instead.

Mayor Katz said she is worried about the broader interpretation of what reasonableness is in terms of everything the City is going to have to do.

Commissioner Sten said if the City takes the position that anything is unreasonable then the federal government will decide what is reasonable. He said the City is not caving into the Forest Service and noted his dispute with the Service over the Little Sandy. However, on this issue, he is not in dispute.

Disposition: Passed to Second Reading June 24, 1998 at 9:30 a.m.

City Auditor Barbara Clark

867

Assess benefitted property for the cost of constructing street and storm sewer improvements in the SW Palatine/43rd to 45th Avenues Local Improvement District (Hearing; Ordinance; C-9855)

Discussion: Commissioner Hales moved to overrule the remonstrance and pass this to second reading. Hearing no objections, the Mayor so ordered.

Disposition: Remonstrance overruled; passed to Second Reading June 24, 1998 at 9:30 a.m.

868 Assess property for sidewalk repair by the Bureau of Maintenance for billing processed through May 8, 1998 (Second Reading Agenda 815; Y1028)

Disposition: Ordinance No. 172391. (Y-5)

At 12:45 a.m., Council recessed.

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 17TH DAY OF JUNE, 1998 AT 2:00 P.M.

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

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

869 **TIME CERTAIN: 2:00 PM** - Appeal of Northrup Investment Company, applicant, against Hearings Officer's decision to deny a conditional use to expand the BridgePort Brewing Company Pub at 1313 NW Marshall Street (Hearing; 97-01217 CU)

Discussion: Ruth Spetter, Senior Deputy City Attorney, outlined the procedures to be followed in today's hearing. No ex parte contacts or conflicts of interest were declared by Council members.

Steve Gerber, Planning Bureau, described this request to allow the BridgePort Brewing Company, which is located within an industrial sanctuary, to expand its facility within the existing foot print. Conditional use approval must be sought when expansions exceed 3,000 square feet. Staff reviewed the application and approved it with the concurrence of the Office of Transportation, which found no conflict with Transportation policies. The Hearings Officer denied the request, finding that parking services were inadequate and that the majority of the Bridgeport's patrons were from outside the industrial sanctuary.

Steve Pfeiffer, attorney for Bridgeport Brewing Company, said there are two issues. The first is whether the expansion will have a significant impact on the industrial sanctuary use and the second is whether traffic can be safely accommodated. He said the primary market standard for retail uses in the industrial zone, that 50 percent of the patrons be from the industrial sanctuary, is exceeded during the week although not on weekend evenings. He said the term "expansion" is something of a misnomer as the area to be expanded is within the existing footprint and much of the space is already in use. Of the additional 8,750 square feet requested, 7,100 square feet are already in use today. In 1988 the pub was expanded to 3,600 square feet, making that non-conforming, and in 1992 the additional 7,100 was added by the prior owner. If this application is not approved, to a large degree that use will have to be modified if it is to be in compliance. If this appeal is granted, the applicant would be happy to incorporate the eight recommended conditions of approval from Transportation and Planning.

Bob Negele, General Manager, Bridgeport Brewing Company, said they request the conditional use in order to legitimize the existing retail service area expansion above the allowable 3,000 square feet. Most of the requested expansion, 7,100 square feet, occurred prior to purchase by the current owner. An additional 1,750 square feet of retail service area is being requested, for a total of 8,850 square feet. Approval will also allow Bridgeport to comply with conditions of an interim agreement with the Fire Bureau to secure a conditional use permit for the temporary use of the second floor for public assembly. Finally, the expansion will help provide the revenue necessary

to pay for needed seismic upgrades to an historic building. He reviewed the growth and expansion of the original brew pub and added that under the expansion the brewery will use 57 percent of the available floor plan, while the brew pub will use 33 percent. He said he polled 18 industrial neighbors and, with one exception, they support the expansion. Also, since this was considered by the Hearings Officer, Bridgeport has gathered new evidence which supports the complementary use this retail business brings to the Central City plan.

Greg Winterowd, land-use planner, 310 SW 4th Avenue, 97204, said since the Hearings Officer's decision, Kittelson and Associates conducted traffic counts and reviewed the actual square footage increase and probable parking demand. Their findings confirm that there is currently plenty of parking in the evening for Bridgeport patrons within one or two blocks. With this expansion there will be plenty of parking within three blocks. Only 10 percent of the people who work in the industrial sanctuary affected by this proposal work the swing shift (including Bridgeport employees), of whom only 24 drive their own cars. To discourage customers from parking in front of driveways and loading zones, they propose posting signs and listing Bridgeport's phone number if there are problems. A number of the proposed conditions will also reduce the demand for on-street parking in the area. During the daytime three-fourths of the brew pub's customers come from industries within the area and that number drops to 55 percent at 4:30 p.m. At 6:00 p.m. the percentage shifts and the majority of customers come from outside the area. He emphasized that the vast majority of the expansion is upstairs in an old industrial building and the primary use, the brewery, is industrial. The retail use itself supports the primary use and for that reason, they believe it is consistent with the Central City Plan and other plans affecting this area.

Mike Houck, Audubon Society, said Bridgeport has been a very good neighbor to the industrial area and a sponsor of many community events. He said over the last 13 years that he has been a Bridgeport customer he has never had to park more than one block away.

Dean Alterman, attorney representing Henry Oserman, said the basis of Mr. Oseran's opposition is that if this area is in transition from an industrial sanctuary to a mixed-use zone, that decision should be made legislatively rather than through a spot-zoning process. He cited Criterion D, which calls for the proposed use to be located in an industrial building because the primary market is industrial firms or their employees. The applicant must also show that this use needs to be located in an industrial area or building. If the use needs to be located in an industrial area for some other reason, but not because its customers are primarily employees of industrial businesses, then the applicant has not satisfied the criterion. The criterion does not say that because one has an industrial use, such as a brewery, one gets an auxiliary use above 3,000 feet. He said there is a lot of land nearby where this use is allowed outright without a conditional use permit. The IG zoning confers some benefits as there are no residences, institutions or complaining neighbors. But with that benefit comes the caveat that there be no retail use unless fairly stiff conditions are met. Since Bridgeport cannot show it needs to be in the industrial zone because its customers are there, this appeal needs to be denied unless the zoning is changed to allow large brew pubs in the industrial zone.

Commissioner Hales agreed that just because one had a brewery one does not automatically get an auxiliary use. The appellant seems to argue that if restaurants can be accommodated nearby on other zoning, that is where they should be. But to him the criterion seems to say that if industrial

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firms or their employees constitute the primary market then it is allowed. If they are now serving 55 percent industrial employees during the early evening, why does the City have to apply a criterion that the use could possibly be accommodated elsewhere?

Mr. Alterman said the question is not what the current use is today, but what will the expansion be used for. At present the brew pub is not full at lunch but very full after work, when a much larger percentage comes from outside the area. The expansion is not needed to serve any more industrial customers at lunch. So one can ask, can that use be accommodated outside the industrial zone. The answer is yes.

Commissioner Hales asked if customers who walk here for lunch from outside the industrial zone be counted.

Mr. Alterman said no, not the way he interprets the Code.

Commissioner Sten asked if his client's position remains the same despite the argument that most of the expansion space is already in use. Approval will allow some conditions to be placed on the use that may be beneficial.

Mr. Alterman said the Costco case involved a site which was in a primarily industrial area with no threat of transition. In this case, a big transition is occurring two blocks away. Mr. Oseran believes the transition should not occur on a piecemeal basis, if that is what Council wants to do in this part of town.

Commissioner Francesconi noted that he had voted against approval of the Pacific Northwest Art School because it was located in the industrial sanctuary. However, he does not see the harm, especially with further conditions, if there are no traffic problems and the expansion is limited to the existing footprint so no new development is coming in.

Mr. Alterman said with proper conditions this may not unduly interfere with the industrial businesses. But Mr. Oseran believes that Council must get around Criterion D in order to make that determination.

Commissioner Francesconi said the argument seems to be that while it may not harm the industrial sanctuary it may also not be legal.

Mr. Alterman said the harm to the industrial sanctuary, with proper conditions, is relatively small. Mr. Oseran believes if this area is going to change, all the properties should be looked at rather than allow those who come first to take up what parking and other resources exist today.

Commissioner Francesconi said if Council finds there is no competition for parking, however, then that is not an issue.

Mr. Alterman said one would have to get around other data in the record. He noted a letter from Mr. Halliburton (9/3/96) setting the background parking demand at 6 p.m. at about 106 cars, many more than the 24 employees identified by Bridgeport as driving to and from work.

Commissioner Francesconi said he needs a legal interpretation of Criterion D.

Terry Black, Chrona Distribution, located between 12th and 13th and Overton and Pettygrove, said they operate a trans-load operation for newsprint and their office hours run as late as 2:00 a.m., with heavy trucks moving in and out. They also operate a three-car rail spur on 13th Avenue and are concerned about parking on 13th that might block that spur.

In rebuttal, Mr. Pfeiffer said this is not a spot zoning issue as the conditional use covers site-specific reviews for uses over 3,000 square feet. The Code does not require an alternatives site test, only that the applicant meet the requirements in the primary market context. The Bureau of Planning, in recommending approval, focused on the fact that the pub is an integral part of the brewery. However, when 86 percent of the industrial activity occurs on weekdays, to require that the market test be met in off hours penalizes the applicant at the expense of the less than fully intense industrial character of the area. The applicant fully complies with that standard during the time of industrial activity but stumbles on the weekends, when there is no industrial activity. The test should be applied during the time the industrial activity occurs.

Commissioner Francesconi said under Mr. Pfeiffer's interpretation he fears the result could be the inappropriate conversion of land within the industrial sanctuary to accommodate restaurants, taverns and related services that could make the same argument about after hours.

Mr. Pfeiffer said fears about setting a precedent can be met through aggressive conditions and findings that make it clear how narrow the interpretation is and the unique circumstances that apply here. This is clearly part of a primarily industrial use and does not exceed the existing footprint, eating up viable industrial land.

Commissioner Francesconi asked how Criterion D could be interpreted to acknowledge these unique circumstances.

Mr. Pfeiffer said the basis would be a combination of Criterion D and the purpose statement, which has to be derived from City policies, primarily those which protect industrial areas from incompatible impacts during the time when industrial activities occur.

Commissioner Hales asked if there are conditions to ensure minimum friction between the nighttime brew pub parking and rail operations on NW 13th in the middle of the night.

Jamie Charboneau, Portland Office of Transportation (PDOT), said if parking is in the public right-of-way it is the City's authority to regulate rather than placing conditions on an applicant for something he cannot enforce. She said they are comfortable with their recommendation to approve this use, primarily because the use does not require off-street parking.

Commissioner Hales moved to tentatively grant the appeal and overturn the Hearings Officer's decision with modifications to the conditions contained in the June 17, 1998 memo with further elaboration on Condition 7 and the substitution of a new Condition 8. Commissioner Kafoury seconded.

Commissioner Hales said the appellants rightfully point out some significant issues in this neighborhood that this case raises. Council needs to review whether the zoning pattern continues to make sense in this area and whether the rail operations will continue to be workable with development of the River District and everything else going on here. However, in this case the applicant has overcome the Hearings Officer's objections on two points. It has demonstrated that parking is manageable and its interpretation of Condition D, in this particular location, is marginally better. While this is a judgment call, employees in the area do use this brew pub because of the overlapping of the Central City Plan and Industrial District. An industrial use in the Central City is going to be different than one north of Vaughn Street.

Commissioner Francesconi said he will support this with findings that include all the conditions suggested by the applicant, particularly the one allowing no expansion beyond the footprint, as he is concerned about the integrity of the industrial sanctuary.

Commissioner Hales agreed as this will avoid setting a precedent for other retail uses.

Commissioner Sten said this is a close call but he will support this because the retail use is such a key component of the brewery.

Disposition: Tentatively grant appeal with conditions; applicant prepare findings for July 8, 1998 at 2:00 p.m.

870

TIME CERTAIN: 3:00 PM - Intent to create the Hillsdale Underground Utility District (Resolution introduced by Auditor Clark)

Discussion: Frank Dufay, Auditor's Office, said his office brings this resolution of intent to form an underground utility district on behalf of Wesley Risher and other residents of the Hillsdale Neighborhood Association. His office polled the neighborhood to test support for this district and the results were split down the middle. Supporters were hoping to get a mandate from the residents as to whether or not they wanted it but that did not occur.

Mayor Katz said some residents claim they did not get the voting form because Portland General Electric (PGE) had a poor mailing list.

Mr. Dufay said there was a problem with the data base, specifically with apartment complexes. He believes about 100 people were left out and he personally delivered 110 ballots later to try to reach those people.

Wes Risher, President, Hillsdale Neighborhood Association, said the Hillsdale Neighborhood Plan passed by Council in 1997 includes an action item addressing the idea of undergrounding utilities with the Hillsdale Neighborhood Association and property owners listed as implementors. Today there is an opportunity to move this action item forward. He described the process that led to an advisory vote by PGE ratepayers within the boundary of Hillsdale on formation of the underground utility district. He said it was their intention to have a fixed cost for this project in order to demonstrate to ratepayers what the average increase in their monthly bills would be. PGE agreed to a fixed cost of \$893,000 for the undergrounding and that includes a 20 percent

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contingency as well as a management fee of 15 percent. He said timing of the undergrounding project is precipitated by the Capitol Highway project that is going forward now and a decision one way or another must be made soon. He said there was an excellent response to the poll, despite some shortcomings in the mailing process and the short time frame. About 3,100 ballots were mailed and 1,100 were returned, for a return of about 31 percent. Since the community is equally divided about this issue, what is needed now is for Council to make a determination, based on the information it has before it.

Mr. Risher said the way an underground utility district is organized is left up to local jurisdictions to determine and no process is spelled out in State administrative rules as to how to go about doing this. There is also no City process for establishing such districts. Now is the time to hear from the community as to whether it believes this is a viable way to do such a project. He again noted the June deadline they have been working against because of the planned transportation improvements on Capitol Highway.

Mr. Risher said if this is approved, Michael Roach and others who support the undergrounding, will propose alternative energy resource conservation tools as a way to offset the additional four percent fee on monthly utility bills. The neighborhood leadership is committed to working with people on fixed-incomes and others burdened by this increase to offset the cost in every way possible. He said this is a one-time opportunity to leverage dollars to achieve the best possible result. A lot of emotional and community capital has been invested on this effort to date and the estimates are that to do this later will cost another \$225,000. There are commitments from commercial property owners that many residents are not aware of. These include creation of a \$325,000 local improvement district by commercial property owners to pay for additional improvements in the Hillsdale commercial area as part of the Capitol Highway project. The commercial area has also committed to design review. It is asking too much of businesses to come up with an additional \$890,000 to cover the entire cost to underground utilities and that is why the small fee on a monthly bill is proposed. The fee will be higher for those who use more electricity and thus commercial tenants will pay higher fees. The current split between commercial and residential ratepayers in repayment of the \$890,000 is 60 percent for residential and 40 for commercial and institutional users.

Mr. Risher said the "deal breaker" appears to be the delay that would result to the Capitol Highway improvements and the need to find an additional \$130,000 in City funds to make the light standards available when the PGE poles come down. Matt Brown, Portland Office of Transportation (PDOT), has proposed using wooden poles temporarily, reducing the cost to \$24,000.

Matt Brown, PDOT, said they recommend using metal poles although wooden poles would cost a lot less. There would be an additional cost to revise the plans and specifications and lighting design for the current transportation project underway now. This would probably also require further review by ODOT. He estimated the total additional cost would be about \$90,000 with the wooden poles and \$200,000 with the metal poles. Right now street lights are attached to the wooden PGE poles.

Mayor Katz asked if the existing poles could be used.

Mr. Brown said no, because they are located in the wrong place. He said there are some costs associated with this project for the commercial property owners in terms of connecting to the underground utilities. Those costs are unknown now and cannot be part of the utility district because they are considered private property improvements.

Mr. Risher said he believes the average hookup cost is about \$3,500 and the property owners involved are aware of this cost.

Mr. Brown said this would apply to about 14 property owners.

Commissioner Francesconi asked about the potential loss of federal funds if the Capitol Highway project is delayed.

Mr. Risher said he believes if Council, especially Commissioner Hales, truly wants to make the undergrounding happen it can prevent the reobligation of the federal funds and there would be no waiting in the queue or a three-year delay. The only delay he heard of would be from September, 1998 into January, 1999 because of the need to make design changes. Now Mr. Brown is saying the delay may be to April, 1999 because of ODOT's review.

Mr. Brown said the delay concerns PDOT because it will not be able to guarantee delivery of the project next year without knowing how long it will take to revise the plans and get them reviewed by ODOT. He said the staff had planned to open the bids for the work next week.

The following individuals testified in opposition to the resolution:

Ketawah Pennington, 3066 SW Flower Terrace, 97201
Virgil Flath, 2911 SW Bertha Blvd., 97201
Dr. Pamella Settlegoode, 4224 SW Melville Ave., 97201
M. J. Siders, 2451 SW Bertha Blvd., 97201
Chester North, 2011 SW Canby Street, 97219
Douglas E. Prather, 2011 SW Canby Street, 97219
Lillian Goodman, 2025 SW Canby St., 97219
Chris Kowitz, 1223 SW Nevada St., 97219
Howard Gladman, 1040 SW Westwood Court, 97201
Lyle De Koning, 6843 SW 10th, 97219
Lee Odell, 3140 SW Mitchell Court, 97201
Hugh Sage, 7008 SW 8th Ave., 97219
Don Freece, 6234 SW Burlingame Ave., 97201
Arnie Rowland, 1568 SW Westwood Dr., 97201
David Strough, PO Box 531, 97207

Opponents said the ballot process was flawed and that many more than 100 affected households did not receive ballots. They criticized the district boundary lines and contended that many residents who received them do not consider themselves a part of Hillsdale and do not shop there. Many said this is an unnecessary tax which places an undue burden on low-income households, incoming renters and those who heat with electricity. Energy conservation measures, such as

installing energy-saving appliances, will not help if that initial cost is added up front.

Individuals testifying in favor included:

Shirlie Karl, 5655 SW Menefee Dr., 97201
Michael Roche, 6316 SW Capitol Highway, 97201
Glenn Bridger, 940 SW Vincent Place, 97201
Bob Baldwin, 5043 SW 19th Dr., 97201
Jan Baldwin, 5043 SW 19th Dr., 97201
David Savage, 1404 SW Westwood Court, 97201
Keith Hutjens, 7037 SW 2nd Ave., 97219
Sam Salder, 2047 SW Sunset Blvd., 97201
Celeste Lewis, 4486 SW Washouga, 97219
Duane Hunting, 6703 SW 13th, 97219
Don Baack, no address stated
Richard Garfinkle, 1616 SW Sunset Blvd., 97201
Karla Green, 1616 SW Sunset Blvd., 97201
Linda Grady, 1226 Cheltenham St., 97201
Frances Cook, 2006 SW Sunset Blvd., 97219

Supporters stressed the aesthetic benefits to the Hillsdale commercial area of undergrounding the utilities and said those benefits also accrue to adjoining neighborhood residents as well. They cited a high level of support from the community and committed to aggressively working with social service groups to identify those who would have trouble paying the extra fee. Supporters said no ratepayers will see an increase in their bills until January, 2000 which will give the community time to find ways to help those who cannot afford the added fees. They urged Council to take advantage of this one-time opportunity to rid the area of visual pollution and help Hillsdale achieve its vision for a truly attractive town center. They criticized Transportation staff for only raising the issues about the extra redesign costs and the possible endangerment of federal funds within the last week.

Commissioner Francesconi asked supporters about the possible loss of federal funds.

Ms. Lewis said they estimate the odds of losing the money at 10 percent but believe if Council really wants to do this, it has the political will to make it happen.

Commissioner Francesconi asked about the unequal impact on residential and commercial property owners. He also asked if other funding alternatives were considered.

Ms. Lewis said most businesses will have to pay connection fees, while residential owners will not, and they will also have much higher electrical bills. She said the only other funding idea they considered was to impose a similar fee on all City residents but there was not enough time to explore this without jeopardizing the federal financing for the transportation improvements.

Mayor Katz asked if this is the traditional way to finance undergrounding.

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Deane Funk, Portland General Electric, said generally the rates are spread over a broader area. He said there has been a lot of interest from other jurisdictions but most have not gotten this far. Utility companies have not seen a lot of savings from undergrounding as it only makes outages more difficult to fix when they do occur. He said PGE is not opposed to doing this if customers want it.

Mr. Risher said once Council passed an ordinance authorizing the forced conversion, the Public Utilities Commission would order the utility to collect the fee through a rate increase, once the project is completed. Parameters can be set so that the project could be halted if it turned out to be more costly than originally estimated.

Mayor Katz commented on the value of the social capital that has been expended by the Hillsdale community to bring this about. She questioned whether there is enough time to help find a solution for low-income people and those with very high utility bills.

Mr. Risher said he believes there is plenty of time to work this out but the utility is reluctant to spend any money on studies until the City has made a formal commitment.

Commissioner Sten said he is very uncomfortable mandating an increase on a basic service and asked if there was a way to differentiate residential and business rates.

Mr. Risher said the rates must be uniform.

Mr. Brown expressed concern about further delaying the transportation improvements which they have committed to completing prior to the Christmas holidays. He said a delay could jeopardize federal funding as it will place the project in the next fiscal year's budget.

Mayor Katz said she needs more time to decide but would like to proceed with the notion of forming a district and see if there is some way to solve the problem other than taxing utility rates.

Commissioner Sten volunteered to see if there is a way to deal with the problem of increased fees for low-income ratepayers and will talk to PGE about weatherization and energy efficiency measures.

Commissioner Kafoury said the Hillsdale Vision Group has made a pretty convincing case that the City should not let this opportunity slip by.

Commissioner Francesconi said there are too many unknowns to be resolved before people's utility bills are raised. He is troubled by how much this will benefit residential properties although he realizes main streets are viewed as neighborhood gathering places. He said the right balance needs to be struck between residential and commercial properties and he is also worried about possible loss of federal funding.

Commissioner Hales said the positive response was incredible and he too is reluctant not to take advantage of the good efforts of the Hillsdale Vision Group. However, he believes this does not pass the fairness test for residential ratepayers and perhaps this tool needs to be changed. He said

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a decision must be made very soon if this is to be hooked into the street improvement project and he is fearful about the City's ability to keep the federal money authorized for it.

Mr. Brown said Transportation needs to know right away if there is to be a delay.

Mr. Roche said the major property owner has indicated he is comfortable with a delay in the street improvements project to January.

John Gregwood, 555 NW Park, 97209, representing the major property owner, said a delay of more than a week will put the project off until next year but they can live with that.

Don Gardner, PDOT, said federal funds are obligated for this fiscal year and staff either needs to award the contract or deobligate and let the money go, which would mean that this project would then have to compete with everything else for funding. He said PDOT must let the contract in September to meet its deadline.

Mayor Katz said she would work with the Office of Finance and Administration and representatives of both sides of the community to see if some agreement can be reached.

Disposition: Referred to Commissioner of Public Safety.

At 5:41 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 JUNE, 1998 AT 2:00 P.M.

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

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

871 **TIME CERTAIN: 2:00 PM** - Adopt the South/North Light Rail project's Locally Preferred Strategy and the South/North Land Use Final Order with additional Council recommendations (Resolution introduced by Commissioner Hales)

Discussion: Steve Iwata, Portland Office of Transportation (PDOT), summarized the segment recommendations forwarded by the Steering Committee. He said this is the result of a very long planning process that, for southeast Portland, began in 1982 when Council adopted the McLoughlin Corridor strategy. The Albina Community Plan, which started in 1989 was the beginning of the process to link south and north light rail. Transportation staff recommends that Council adopt the Locally Preferred Strategy as approved by the South/North Steering Committee and the Land Use Final Order with additional Council recommendations. The recommendation is for the full-length, 21-mile option from the Clackamas Town Center to Clark College in Vancouver and is scheduled to be built in three segments. He outlined the schedule for completion of the various segments, covering roughly a 12-year construction period. The Locally Preferred Strategy also recognizes previous regional commitments to examine a second phase, with extensions to Oregon City and further into Clark County. Phase Two would also examine an east side connector extending the OMSI station to the Rose Quarter and the Central Eastside Industrial District.

Mr. Iwata noted instructions from Council to Tri-Met to minimize the displacement of homes and businesses as part of the light rail design; to initiate station planning and economic development strategies and to provide for a diversified workforce as part of light rail construction.

Mr. Iwata described the specific corridors and alignments being recommended. He said special efforts have been made to avoid business displacement and to address the height of the bridge over the greenway trails, transit service to North Macadam, including streetcar service and aerial tram, and to look at redevelopment issues around stations along the Carruthers alignment. The recommendation for downtown is for the full mall, with the Irving Street and Harrison Street stations. The project is recommending a south entry light rail streetcar study to accommodate streetcar on the light rail tracks on Harrison Street. The Steering Committee also approved the recommendations from the Downtown Oversight Committee to address traffic circulation and construction impacts downtown due to light rail. For the Eliot segment, the recommendation is the hybrid option, combining the East I-5 and Russell options. Part of that recommendation is for a combined light rail and roadway study to develop an integrated highway and light rail design

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between Broadway and the Rose Quarter. For North Portland, the recommendation is for a crossover from I-5 along Interstate, with a terminus in downtown Kenton. The Steering Committee has approved a request from the Citizens Advisory Committee for the City to take steps to ensure the economic vitality of the full length of Interstate. The third segment, extending to Vancouver, calls for stations at the Expo Center, Hayden Island and possibly Portland International Raceway. Mr. Iwata closed by stating that growth in Clackamas and Clark Counties has increased transportation demands throughout this corridor and solutions are needed in a timely manner. MAX is also an important part of the regional strategy to manage growth and these recommendations include strategies to promote economic development, support a diverse work force and improve neighborhood livability.

Matt Klein, Association for Portland Progress (APP), said APP supports the recommendations for the full mall alignment downtown and the Irving Street option as well as a multi-function Harrison Street station.

Martin Ralston, The Lynch Company, 4706 SE 18th Ave., 97202, testified as to the harmful impact the choice of the Carruthers alignment or the proposed operations and maintenance facility will have on his business and suggested that under-utilized space to the east, owned by Union Pacific, would be a better choice. He noted that just two years ago the Portland Development Commission helped him move to his current location, after advocating that his company remain on the east side.

Roy Porter, Transit Riders Association, 3914 SE 30th, 97202, said he supports this project but is concerned that bus service, which is already insufficient, will suffer even more as a result.

Ray Polani, Citizens for Better Transit, 6110 SE Ankeny, 97215, urged Council to put rail first where it is most likely to get the most riders and to stick to a simple system.

Mavis Holt, Mill Park Neighborhood Association, 1235 SE 115th, 97216, said the Rose Garden connection is very important. She said Mill Park wants to see traffic reduced in its neighborhood and would also like to see bus service from the new Southeast Community to Gateway.

Howard Holt, 1235 SE 115th, 97216, supported the South/North Project, noting the success of the eastside light rail.

Art Lewellan, 3205 SE 8th, 97202, urged the use of electric buses to help solve some of the current transit problems.

Lee Leighton, 6113 SE 17th Ave., 97202, supported the project and the Council's selection of the Carruthers crossing as its preferred route.

Commissioner Francesconi said he supports this project primarily because of the connections it makes to neighborhoods. He said it is critical to help get working class people to jobs in east Multnomah and Washington counties. He said the real issue is how to pay for light rail and he believes a vote by the citizens is called for. There is also the question of the City's role in helping to finance some of the options.

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Commissioner Hales said the proposal has been significantly improved by extensive citizen input and the end result is an example of citizen advocacy at its best. He said South/North light rail is essential to the quality of life here and the project will also strengthen neighborhoods and increase transit use. He said while financing will be difficult, this part has been done very well.

Commissioner Kafoury reviewed the history of this project and her fears that the project might fail after Vancouver citizens voted it down. She said these recommendations show what can happen when citizens push and she is very pleased with the Carruthers crossing decision.

Commissioner Sten said this is the result of a lot of creative work and he too believes the Carruthers crossing is the right choice. The I-5/Interstate crossover preference is also a better answer than what was originally recommended. Now is the time to sell this idea and vision to the rest of the region's citizens.

Mayor Katz said Council has embraced light rail as a development tool which can revitalize neighborhoods. But it is also a transportation alternative to get people out of their cars. However, the City cannot forget that the foundation of transit is the bus system and Tri-Met must maintain a strong bus system that feeds into light rail. She said Council needs to work with Vancouver so that the last leg of South/North can be completed. The Mayor also noted a \$300 million gap in funding which requires a regional solution and probably another vote by the citizens.

Commissioner Hales noted four places where citizen input had made a major difference in the selection of alignments: 1) the Carruthers crossing; 2) the Harrison Street station; 3) the full-mall downtown alignment; and 4) the Kenton stop.

Disposition: Resolution No. 35704. (Y-5)

At 2:53 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland



By Cay Kershner
Clerk of the Council