



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 7TH DAY OF JULY, 1999 AT 9:30 A.M.

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

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

By unanimous consent, Commissioner Francesconi was elected to serve as President of Council through December 31, 1999.

Agenda No. 973 was pulled from Consent. On a Y-5 roll call, the balance of the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 968** Accept bid of the Natt McDougall Company to furnish CMGC Headworks intake and control building project for \$5,200,000 for the construction phase and \$50,000 for the preconstruction phase (Purchasing Report - Bid 99064)

Disposition: Accepted; prepare contract.

- 969** Accept bid of Oregon Armored Service, Inc. to furnish parking meter coinage collection for \$185,600 annually for two years (Purchasing Report - Bid 99143)

Disposition: Accepted; prepare contract.

- 970** Accept bid of BL & B Contractors, Inc. to furnish bikeways projects 1999 for \$158,530 (Purchasing Report - Bid 99201 SMP)

Disposition: Accepted; prepare contract.

- 971** Accept bid of Emerald Tower, Inc. to furnish Whitaker Ponds stormwater pollution reduction facility for \$86,808 (Purchasing Report - Bid 99222 SMP)

Disposition: Accepted; prepare contract.

- 972** Accept bid of Fuiten Mechanical, Inc. to furnish chemical piping and structured contract for Lusted Hill treatment facility for \$76,891 (Purchasing Report - Bid 991527)

Disposition: Accepted; prepare contract.

JULY 7, 1999

Mayor Vera Katz

- *974** Agreement with Multnomah County, acting by and through its District Attorney's Office, for three full-time officers to work for the DA's office (Ordinance)

Disposition: Ordinance No. 173535. (Y-4)

- *975** Authorize an intergovernmental agreement between the Office of Finance and Administration and the Portland Development Commission for Transportation and Urban Design services related to the Goose Hollow/Civic Stadium planning effort (Ordinance)

Disposition: Ordinance No. 173536. (Y-5)

- 976** Authorize settlement agreements with George Monogue, Tom Potter and Lynn Davis (Second Reading Agenda 926)

Disposition: Ordinance No. 173537. (Y-5)

Commissioner Jim Francesconi

- *977** Authorize the Purchasing Agent to sign a Purchase Order as a contract with Danka Office Imaging for the repair and maintenance of copy machines for \$111,470 for one year without advertising for bids (Ordinance)

Disposition: Ordinance No. 173538. (Y-5)

- *978** Authorize a contract with Bell and Howell to purchase an inserting system for \$111,209 and enter into an annual maintenance contract (Ordinance)

Disposition: Ordinance No. 173539. (Y-5)

- 979** Amend Parks SDC Code to clarify housing type definitions and to allow the Auditor's Office to cancel contracts (Ordinance; amend Code Section 17.13.020 and 17.13.090)

Disposition: Passed to Second Reading July 14, 1997 at 9:30 a.m.

- *980** Authorize a contract and provide for payment for the renovation of Holladay Park (Ordinance)

Disposition: Ordinance No. 1735450. (Y-5)

- *981** Authorize a contract and provide for payment for the renovation of Pendleton Park (Ordinance)

Disposition: Ordinance No. 163541. (Y-5)

JULY 7, 1999

- *982** Agreement with the State of Oregon, Office of the State Fire Marshal, for Regional Hazardous Materials Emergency Response Team services (Ordinance)

Disposition: Ordinance No. 173542. (Y-5)

Commissioner Charlie Hales

- *983** Amend contract with Lloyd D. Lindley, ASLA, for services related to North Macadam District (Ordinance; amend Contract No. 31671)

Disposition: Ordinance No. 173543. (Y-5)

- *984** Revocable permit to Jeb Balzer's Pub and Grill to close NW Couch Street between 1st and 2nd Avenues on July 10, 1999 (Ordinance; waive Chapter 14.24.030)

Disposition: Ordinance No. 153544. (Y-5)

Commissioner Dan Saltzman

- *985** Authorize a contract with the lowest responsible bidder to construct the groundwater monitoring well installation in the Johnson Creek basin, which is part of the Johnson Creek pre-design study, Project No. 6220 (Ordinance)

Disposition: Ordinance No. 173545. (Y-5)

- *986** Authorize emergency contracting procedures for Beech/Essex CSO outfall rehabilitation, Project No. 6522 (Ordinance)

Disposition: Ordinance No. 173546. (Y-5)

Commissioner Erik Sten

- *987** Contract with Unlimited Choices for \$144,694 for Adapt-A-Home project and provide for payment (Ordinance)

Disposition: Ordinance No. 173547. (Y-5)

- *988** Contract with Neighborhood Partnership Fund for \$47,997 to provide technical assistance and training to Bureau of Housing and Community Development target areas in a variety of subjects, including community organizing, economic development and resource development and provide for payment (Ordinance)

Disposition: Ordinance No. 173548. (Y-5)

- *989** Agreement with Vancouver Housing Authority for \$55,000 to provide support for the operations of Care House which provides permanent housing and services for people with AIDS and provide for payment (Ordinance)

JULY 7, 1999

Disposition: Ordinance No. 173549. (Y-5)

- *990** Amend contract with Northeast Coalition of Neighborhoods as fiscal agent for the Humboldt Target Area to increase contract amount by \$5,916 and provide for payment (Ordinance; amend Contract No. 31976)

Disposition: Ordinance No. 173550. (Y-5)

- *991** Increase the amount of contract with CH2M Hill by \$82,300 for additional engineering services (Ordinance; amend Contract No. 31773)

Disposition: Ordinance No. 173551. (Y-5)

REGULAR AGENDA

- *973** Create a new nonrepresented classification compensation range and create a new salary range for Police Chief and Planning Director in accordance with the Personnel Rules adopted by the City Council (Ordinance)

Disposition: Referred to the Commissioner of Finance and Administration.

- *964 TIME CERTAIN: 9:30 AM** – Intergovernmental agreement with the City of Gresham for operation of Station 45 (Ordinance introduced by Commissioner Francesconi)

Discussion: Commissioner Francesconi said this is a happy day for the cities of Gresham and Portland and especially their residents. This intergovernmental agreement will help improve public safety, especially along the borders of the two cities and will also restore trust with citizens in a part of a town that has been lobbying hard to keep its fire station.

Robert Wall, Fire Bureau Chief, said today's agreement reflects the results of the continued dialogue between Gresham and Portland regarding the reopening of operations at Station 45, and continued analysis by the City about reallocation of resources to Station 45. This also signals the beginning of many more opportunities for both Gresham and Portland to approach operations regionally.

Commissioner Francesconi said after the station closed the City found that response times were worse than the Bureau had expected and that residents were right to insist that public safety be addressed. Gresham may have had a similar response from its citizens.

Division Fire Chief Ed Wilson, explained details of the 10-year agreement. He noted that after Station 45 closed, the Fire Bureau continued to monitor response times and met with neighbors monthly to update them on that data. After six months of data, the response times were found to be 1 to 1-1/2 minutes longer than anticipated.

Tom Feely, Fire Bureau, said this calls for a 60/40 percent split in costs between Portland and Gresham. Portland will staff the station for seven months and Gresham will staff it for the remaining five. He explained how the Bureau plans to fund the staffing costs over an eight to 10 year term. He said the Bureau expects that a new Station 45 will have to be

JULY 7, 1999

built eventually although funds for that purpose were not included in the recently-approved General Obligation bond. However, funds could be found by reducing the size of several of the super stations in order to cover the \$1.7 million cost of Portland's share of a new station. A separate agreement would be reached regarding construction.

Mayor Katz asked if staffing levels will be different when Portland staffs it than when Gresham does.

Chief Wall said yes, traditionally the City has a four-person staffing team while Gresham has three.

Others testifying in support of this agreement included:

Charles Becker, Mayor of the City of Gresham

Bonnie Kraft, Gresham City Manager

Jim Davis, Gresham Fire Chief

Tom Chamberlain, President, Portland Firefighters Association

Lonnie Roberts, 15815 SE Mill, 97233

Jerry White, 16745 SE Division, 97236

Jim Worthington, 3232 SE 153rd Road, 97236

Bruce Cody, 1515 SE 151st Ave., 97236

Louise Cody, Centennial Neighborhood Association

1515 SE 151st Ave., 97236

Ron Clemenson, Centennial Neighborhood Association Board member, 840 SE 156th Place, 97236

Those testifying said they are very happy with this agreement, which puts public safety first and jurisdictional boundaries second. It is a very creative agreement and reflects the very hard work and persistence of the elected officials, Fire Bureau staff and concerned citizens.

Commissioner Francesconi said the persistence of East County citizens made this work, as well as the City of Gresham's willingness to commit to cover 40 percent of the staffing. He said he appreciates the Fire Bureau's honesty in dealing with the data.

Commissioner Hales said citizens expect that public agencies will get together but sometimes it is hard to get past turf issues and timidity. He said this took strong leadership efforts to get to a solution.

Commissioner Saltzman said the diligence of everyone involved has paid off. He is also impressed with the Fire Bureau's willingness to share data with the neighborhoods.

Mayor Katz gave special thanks to the citizens who dogged this for such a long time and who were right.

Disposition: Ordinance No. 173552. (Y-5)

***965 TIME CERTAIN: 10:00 AM** – Accept a grant in the amount of \$25,000 from the Environmental Protection Agency and the U.S. Department of Transportation to address

JULY 7, 1999

transportation choices and their impact on traffic congestion, air quality and public health at the community level (Ordinance introduced by Commissioner Hales)

Discussion: Commissioner Hales said this proposal calls for working intensely with a small group of people to effect change rather than trying to send a message to the whole City.

Lavinia Gordon, Portland Office of Transportation (PDOT), said this grant provides seed money for a program to increase people's awareness of how their travel modes can affect air quality.

Mary Volm, PDOT, said staff wanted to look at new ways to get messages about air quality to the public. These messages will be more "in your face" and will also provide incentives to reduce air pollution, i.e. encouraging people to get regular tune-ups for their cars by providing discount coupons.

Rich Cassidy, PDOT, explained why the Woodstock area was chosen as the target neighborhood and described some of the incentives that are being offered. A kick-off event is planned in cooperation with the neighborhood association, local businesses and other government agencies.

Elizabeth Usher-Groff, President, Woodstock Neighborhood Association, said Woodstock is very pleased to have been chosen and has been very impressed by the enthusiasm of staff. They are anxious to show that personal behavior can make a difference in air quality.

Gene Dieringer, President, Woodstock Business Association, said this is a win-win program for the neighborhood.

Commissioner Hales said real change happens at the street level and better results occur when neighbors talk to neighbors rather than having an agency bombard people.

Commissioner Sten said this is the kind of program that can bring about long-term behavior changes.

Mayor Katz said the notion of sending repeated messages as close to the citizens as possible is something that works. She said she is eager to see the measurement results to find out if people's patterns can be changed.

Disposition: Ordinance No. 173553. (Y-5)

966 TIME CERTAIN: 10:30 AM – Accept the City of Portland, Oregon's Year 2000 Council's final report, including the addition referenced in the transmittal memorandum (Report introduced by Mayor Katz)

Discussion: Mayor Katz said she expects a heightened level of concern about possible Year 2000 (Y2K) problems as the end of the year draws closer. She noted that citizens differ in their views, some seeing Y2K as a catastrophe about to happen while others see it as a non-event.

JULY 7, 1999

Dick Hofland, Year 2000 Project Coordinator, said the report includes recommendations for every service provider, including health, natural gas and fuel suppliers, to ensure all will be prepared for the Year 2000 turnover. Each organization needs to communicate to its constituents and work with the City on these efforts. The City is assuming a leadership role in communications and hopes to use the public's interest in Year 2000 to increase awareness about need for emergency preparedness in general.

The following public members of the Year 2000 Council testified about their companies' readiness efforts.

Bert Kile, American Red Cross, 3211 N. Williams Ave.

Sylvia Bogart, Southwest Neighbors, 7688 SW Capitol Highway, 97219

Greg Peden, US West

Tom Mathews, Portland General Electric

Steve Baron, Oregon Hospital Association

Tom Perrick, Oregon Bankers Association, PO Box 12429, Salem, 97309

Commissioner Francesconi said he appreciates Council's use of the neighborhood associations to get the word out and the concentration on the community's most vulnerable citizens.

Commissioner Saltzman said his comfort level about Y2K compliance has gone up tremendously since he began serving on this committee although there is still some level of uncertainty. He noted that a disaster simulation drill will be held in September and that he is concerned about Y2K fraud, especially scams aimed at older citizens.

Commissioner Sten said teaming up with the neighborhood associations was a smart move and he thinks this effort will work well.

Disposition: Accepted. (Y-5)

***967 TIME CERTAIN: 11:00 AM** – Authorize a Memorandum of Understanding with Portland Family Entertainment LTD (Ordinance introduced by Mayor Katz)

Disposition: Mayor Katz said this may be seen as an effort to privatize the operation of a public facility as government does not always do the best job of managing such facilities. She said it makes perfect sense to do this with the Civic Stadium.

Tim Grewe, Director, Office of Finance and Administration (OFA) and member of the City's negotiating team, described the underlying financial components of this Memorandum of Understanding (MOU). He said, first of all, the Stadium is, and will continue to be, a public asset and the property of the City. The City will continue to be responsible for maintaining the Stadium in good repair and for any renovations that are required. The Council's options regarding the future of the Stadium are: 1) do nothing, continue to let the Stadium deteriorate and potentially lose its use; 2) do basic improvements only, including upgrades to meet seismic standards and Code requirements estimated at about \$15 million; 3) and completely renovate the Stadium. The negotiating team believes the third option is the best way both to offset the renovation costs and put the Stadium on a more positive financial basis.

JULY 7, 1999

Mr. Grewe outlined the assumptions of the MOU, which is an operating agreement with a private entity granted in exchange for its bringing teams into Civic Stadium. The negotiating team considers the acquisition of those teams imperative to the financial success of the operation. Under their projections, half of the debt proposed will be covered initially by Civic Stadium-generated revenues. The other half will require a \$3 million debt subsidy over the next six years. By the seventh year of operations, they project that the revenues flowing from the Stadium will be sufficient to cover the entire debt. Thus for \$3 million, the City will get a fully renovated facility. In addition, this subsidy will eliminate operating risks as under the agreement the operator of the Stadium assumes all responsibility for operations. The City will also get assistance in covering the cost of renovation as the agreement requires that \$4 million be expended directly on the renovation, with an additional \$2 million coming from a private investment group that includes Enron. He said the negotiating team is looking at all options for covering the \$3 million and intends to return to Council with a specific plan before finalization of the development agreement. Options include using capital or general fund dollars as well as looking at new revenue sources, including the use of lodging revenues to help cover at least some Stadium renovation costs. The total estimated renovation cost is \$37 million of which the City will provide \$33 million, with \$4 million coming from Portland Family Entertainment (PFE) plus another \$2 million for project-related costs. In return for its \$37 million investment, the City will receive annual guaranteed rent of \$908,000, adjusted for inflation, a 10 percent fee on all tickets with an estimated revenue of \$545,000 in the first year, climbing to \$632,000 by the fifth year. PFE will contribute \$200,000 a year for capital replacement and improvement. The City will receive 18.75 percent of all PFE gross revenues in excess of the \$10.7 million they estimate PFE will require to meet operating and debt expenses. The City will also receive 33 percent of all PFE profits distributed to investors after it pays the \$200,000 into the capital reserve fund and the 18.75 percent to the City. Mr. Grewe said this provision makes the agreement fairly unique to Portland as its citizens will actually benefit from the profitability of the Stadium and the teams playing there.

Mr. Grewe pointed out that PFE will cover all construction cost over-runs as the City is capped at \$33 million. PFE also assumes all operating risks and if business is insufficient to provide the revenue necessary to cover debt services for a period of three years, the City can terminate the agreement. Overall the City estimates it will receive \$2.2 million in revenues from the Stadium by 2001, the anticipated first year of operation. These revenues will increase to an estimated \$3.1 million in the sixth year and the City's subsidy to cover the debt service will decline from \$984,000 initially to \$23,000 in the sixth year. If their projections are accurate, they estimate that by the seventh year revenues from the Stadium to the City will be sufficient to cover the \$3.1 million in annual public debt service. He said as a result of Council's direction, this agreement is a substantial improvement over the initial agreement made by PFE. The annual guaranteed rent has increased from \$500,000 to \$908,000. Capital reserve contributions have increased from \$150,000 to \$200,000 and ticket fee percentages increased from six to 10 percent. The City also now receives 33 percent of the profits available for distribution. Overall, they expect that by the fifth year of this agreement, the City will receive \$2.9 million in revenues, an increase of \$1.8 million over what would have been received through the original PFE agreement.

Mr. Grewe noted that this is only an MOU and that much more work will be needed to reach a development agreement. If Council approves it, by July 31 PFE must have a written

JULY 7, 1999

commitment for the \$6 million it is contributing to the project and by August 15, a limited partnership agreement must be completed with investors. By September 1, they must provide proof of an option to purchase a Class A soccer team and, by October 1, proof that they have an option to purchase a Triple A baseball team. Most important, they must complete acquisition of those teams by December 31, 1999. Missing any of those deadlines gives the City grounds to terminate its deliberations towards a development agreement. He said for many people this is a uniquely Portland agreement, with a local group of investors and a local operator. The City has access to revenues from the Stadium to cover its portion of the debt services, including guaranteed revenues, and it continues to be the owner of the Stadium. If the 18 percent return on investment reported in the newspaper is accurate, that is comparable to what investors could achieve by investing in the stock market or real estate.

Mayor Katz asked if there are any questions for the negotiating team.

Commissioner Saltzman asked if PFE will accommodate local uses like Portland State football.

Mr. Grewe said yes and the agreement calls for continuation of the types of civic activities in the Stadium, such as the Rose Festival.

Commissioner Francesconi asked why the City needs PFE and why the Metropolitan Exposition Recreation Center (MERC) could not operate the Stadium.

Mr. Grewe said, primarily, PFE brings the acquisition of teams to the table. The City cannot acquire the capital to do that or legally acquire teams. PFE also brings dollars and the expertise needed for stadium operations. Operation of the stadium is intrinsically linked to the operation of teams as the owners need revenues from both the Stadium operations and their teams. MERC's ability to acquire teams is unclear and what those teams would demand in terms of access to revenue generation from the Stadium is also unknown.

Commissioner Francesconi asked if the projections for the number of games and attendance are realistic and what happens if they are not met.

Mr. Grewe said the negotiating team was aided in this process by independent consultants with vast experience with similar deals in other jurisdictions. They consider the projections to be accurate and relatively conservative.

Bryant Enge, OFA, said the negotiating team looked at annual attendance figures compared to other comparable stadiums and found the annual average attendance was approximately 417,000. PFE is projecting 470,000 and the negotiating team believes the demographics in the area make that a realistic expectation. He cited annual attendance from several comparable cities.

Commissioner Francesconi noted concerns about the ability of PFE to deliver on its promises after the City has renovated the Stadium.

Mr. Grewe said the City will not issue any debt or proceed with renovations until PFE has delivered on the obligations of the MOU as he outlined earlier. If PFE is not a successful venture and the City does not have the revenues to cover its debt service, there are

JULY 7, 1999

provisions to terminate the agreement and any teams in existence at that time will be required to continue to play within the Stadium. There are also provisions to ensure that the City share in any profits derived from the sale of those teams.

Commissioner Francesconi asked about naming rights.

Mr. Grewe said PFE is counting on the naming rights as part of this agreement. If the City does not okay that provision, the parties will need to renegotiate and it would likely decrease the revenue flow to the City. They estimate the value of the naming rights at between \$200,000 and \$300,000 annually.

Commissioner Francesconi asked how the public purposes section, covering such items as minority contracting, will be monitored.

Mr. Grewe said the intent is to hire from the local community during construction and for operations. These are the same provisions as were embedded in the Arena agreement, where in every case the objectives were exceeded. He is quite confident PFE will comply with the community provisions.

Commissioner Francesconi asked how the neighborhood will be able to handle all the event-generated traffic.

Mr. Grewe said a parallel process is underway to look at the entire Civic Stadium district. The agreement calls for PFE to be an active participant in that process. Part of that process will be completion of a traffic management plan for the whole area to determine whether there is sufficient parking and how other transportation modes can be used. That plan will be brought to Council for review.

Hank Lacey, Portland Baseball Group, 6515 SE 12th, 97202, said this is a solid proposal but the Group does not want to see this become a barrier to obtaining a major league team. The Stadium is a wonderful community asset and this proposal can make it better for Portland State football, soccer and even Triple A baseball. He said it will be hard, however, for the City to replace the successful Rockies with an even more successful Triple A franchise and his Group has detected no enthusiasm for replacing one minor league baseball team with another. The Group is also puzzled that this proposal does not contemplate bringing major soccer to town. Another concern is that the City has not reserved its right to build a pro hockey arena although it has reserved its right to build an NFL stadium. The City should make it very clear that this is only a step on the road to the major leagues as Triple A baseball is irrelevant to the City's attractiveness to major league baseball. Major league teams will look at two factors – the size of the market and whether there is, or will be, an appropriate stadium. Portland is the largest market in the country without two professional sports teams and can fully support a major league team. The Civic Stadium is also a uniquely well-positioned site for a major league baseball site.

David Selano, Portland Baseball Group, 3070 SW 15th Court, Gresham, said Portland has a lot going for it in obtaining a major league franchise. To accomplish that end, the Group has opened an office and hired staff dedicated to bringing major league baseball to Portland.

JULY 7, 1999

Commissioner Francesconi asked Mr. Selano if he agreed with estimates that it would take between \$165 and \$200 million to renovate Civic Stadium for major league baseball.

Mr. Selano said yes. He added that the Group is not concerned that major league baseball be played in the Civic Stadium, just that it be played in the City.

Mayor Katz said she encouraged the Group to seek a major league team, knowing full well that someone would have to purchase the team and then the City would have to go to the voters to build a stadium.

Joe Rastatter, Jobs with Justice and Living Wage Campaign, 2006 NE 50th, 97213, stressed the need to pay living wages to ballpark employees and vendors, of which he is one.

Kathleen Carter, 1720 NW Hoyt, 97209, expressed concern about parking in her neighborhood and noted that the recently initiated permit parking program there would not address problems associated with parking by people attending Stadium events. She asked Council to ensure that the separate parking study is completed and that the cost of those conclusions do not have to be borne solely by the City as PFE should share in any traffic and noise mitigation costs.

Chuck Richards, Oregon Sports Academy, 940 NW 170th Dr., Beaverton, said the City should not approve the MOU as written. During the RFP process it was proposed that the private sector come up with some funding for the Stadium renovation. That is not happening and now the City is coming up with all the money. It gets to lose money for six more years and if a major league team comes in and buys out a Triple A team, the Triple A team is not only indemnified by the major league but now the City needs to indemnify PFE as well. The City gets to put up money, lose money and then indemnify the operator. He said a better option would be for the City to leave this in the hands of MERC and sell the naming rights itself. He also questioned why the City would want Class A soccer instead of major league soccer. Privatizing makes some sense but not when the party comes to the table with no money. The money PFE is coming with is simply to buy teams that the City will have to pay for later. The bump clause might attract major league teams but the bar is so high they will be precluded from ever operating here because of the money they must pay to indemnify the Triple A team. The Enron deal for \$5.7 million is a low figure for what naming rights for major league stadiums are currently going for. The City should get the money itself, or at least a portion of it, to offset its costs or renovate it to a higher level. He cautioned the City to be sure that Phase 2 of the renovation can be built upon Phase 1 to accommodate major league teams.

Mayor Katz asked staff to address questions concerning the amount of money needed for construction and what the City is getting in return for its contribution, the naming rights and whether the renovations will preclude major league baseball.

Mr. Grewe said they never assumed construction would be solely the responsibility of a private entity. He said the current MOU has the City providing \$33 million, \$2 million more than originally proposed, and for that contribution the City will receive a substantially greater share of the profits. As to the naming rights, the City has made no agreement with Enron for the naming rights in exchange for its contribution. If a major league team comes to the City, they will negotiate a transition agreement with PFE. No assumptions have been

JULY 7, 1999

made about where the facility might be located but the Stadium is not precluded from such use.

Mr. Grewe said major league soccer teams have made it clear they do not want to share a facility with baseball because of scheduling conflicts. Their objective is not to have a single-use stadium. There have already been scheduling problems at Civic Stadium and, under this agreement, the operators (PFE) will own two of the primary teams in the Stadium and be responsible for working out the schedule.

Commissioner Francesconi asked what the City will have to do to compensate PFE if a major league baseball team comes to town. The current agreement calls for the City to compensate PFE for the loss of the remaining term of the operating agreement but not for displacement of the Triple A baseball team. It also says an economic loss attributable to the displacement of the team will not be the responsibility of the City. Will the City be legally required to compensate PFE for the loss of revenue during the agreement?

Mr. Grewe said if a major league team comes to Portland, the owners will have to negotiate a buyout or relocate the Triple A team. The City would not be a party to that but it might benefit as there are provisions that the City share in the proceeds of any sale of the Triple A team. However, PFE has a 20-year agreement with the City and relocation of its team out of the Stadium, particularly if the major league team relocated elsewhere in the City, would have a significant impact on its revenues. That is why a provision is included calling for the City to negotiate this transition because of the business loss incurred.

Commissioner Francesconi asked who would bear the cost of an additional parking facility.

Commissioner Saltzman said he would like to know why a major league soccer team is not an option at this time.

Garth Meyer, 3717 SW Corbett, #25, 97201, said the City should keep the naming rights and retain the name Civic Stadium rather than naming it after a corporation. He said Portland should show some integrity and become the first City in the nation to stop this renaming craze.

Mr. Grewe responded to the questions raised. He said any private parking structures in the area are seen as a City responsibility. If the assumptions are accurate and the City is able to cover debt payments within the next six years, there may be a revenue surplus in the future that could be used to assist with construction of a parking structure. He noted that revenues from the two parking facilities at the Arena are sufficient to cover the debt there.

Commissioner Francesconi asked if the requirement that PFE must pay prevailing wages could be further refined in the development agreement.

Mr. Grewe said yes.

Commissioner Sten said he too would like to take a look at the living wage issue as he believes Council needs to look at this as a general policy matter to see if a higher standard should be set.

JULY 7, 1999

Commissioner Francesconi said he supports the proposal because he believes it is a good financial deal for the taxpayers, maintains a community asset and will benefit the Central City without overwhelming the neighborhood. The fact that the investors are local is also important. He believes the projections are realistic and that the revenue sources make this a good deal for the City and the taxpayers. He said the negotiators did an outstanding job and as a result up to half the debt service will be covered over the first six years and after that the City makes money it can use for parks and other programs. He said independent consultants looked over the agreement and concluded this is the second best financial deal in the country for a comparable city. While it would be nice to have major league baseball, Portland is already a major league city because it takes care of its assets and the people that are here. This will allow for a variety of community events and yet not harm a neighborhood that cannot handle major league baseball. The agreement calls for active participation of the neighborhood to make sure the parking and traffic issues are addressed. He said it is not bad for the private sector to make money if taxpayers are protected from the downside and the City is able to accomplish another public objective, renovating the Stadium. He said the Mayor deserves credit for her guiding hand in putting this together.

Mayor Katz noted that a slightly different agreement had been submitted which needed to be substituted. Commissioner Saltzman moved the amendment and Commissioner Hales seconded.

Mr. Grewe said the new version is simply the signed agreement.

Hearing no objections to the amendment, the Mayor so ordered.

Commissioner Francesconi said he has never seen such a competent negotiating team in 20 years.

Commissioner Hales said this is a guess about the future and that is why Council has focussed on the possible downsides. He said Council needs to support the leadership and the quality of work done by the Mayor and negotiating team. He said this agreement avoids the twin perils of most stadium proposals – massive subsidies and moving the facility to the suburbs. If this works well, there will be traffic problems and he noted that the agreement calls for PFE to develop a plan to encourage patrons to use mass transit. He said a simple, effective way to do this is to build a free transit trip into the price of the ticket and he is committed to work on this aspect.

Commissioner Saltzman said his initial skepticism has been overcome. He said PFE is on a very tight timeline and Council will know by the end of the year if this will work. He added that he has every confidence in the integrity of the PFE partners.

Commissioner Sten said eight months ago he did not think this would work. With this agreement, the City will need to borrow more on the front end but will get more in the end. He said the City must do something now with the Stadium other than letting it continue to deteriorate. He said this facility is a tremendous benefit to the community and it is important to make it available for a wide variety of uses. He said while he would not preclude looking for a major league team, he is not sure the taxpayers would approve the \$100 million public subsidy it might take to get one.

JULY 7, 1999

Mayor Katz noted that after her election in 1993 she personally sought a Triple A baseball team for Portland and found there was no way the City could provide some of the amenities the team wanted. Nor was there any way the City would be able to purchase a team. A decision was then made to open up an RFP process to respond to the report outlining the infrastructure needs of the Civic Stadium. RFPs were sent to major league team owners as well as major developers and operators. The negotiating team selected the one operator who was willing to bring something to the table and that is the proposal now before Council. She is convinced the City will be able to meet the debt requirements without using general fund or capital construction dollars. If that is true, then the City has a superb agreement and that will become known within several weeks. She said she repeatedly sent the negotiating team back to seek a better agreement, especially since money was needed to renovate the Stadium. One of the ideas the team came up with was to move from net to gross revenues. That way, if the private investors make money, the City does too. She said she has the highest regard for Harry Glickman and has the fullest confidence that he will do nothing to embarrass the City he loves so dearly. She said the negotiating team is tough and did an incredible job when Council told them to go back and do better. She also thanked the potential private partners for responding to the City's needs and being flexible in what she believes is an incredible arrangement. She wants the stadium to be a facility available to everyone from Little Leaguers to Portland State football and community events. She said the MOU is not a done deal as private partners must meet certain specific requirements and if they do not meet them, Council will have to make a decision about what to do next.

Disposition: Ordinance No. 173554 as amended. (Y-5)


Commissioner Erik Sten

- *992** Accept a Federal Stuart B. McKinney Supportive Housing Program grant under the U.S. Department of Housing and Urban Development in the amount of \$119,602 (Ordinance)

Disposition: Ordinance No. 173555. (Y-5)

At 12:25 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland


By Cay Kershner
Clerk of the Council

JULY 7, 1999

WEDNESDAY, 2:00 PM, JULY 7, 1999

DUE TO THE LACK OF AN AGENDA
THERE WAS NO MEETING