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CITY OF  
**PORTLAND, OREGON**

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**OFFICIAL  
MINUTES**

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A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19TH DAY OF JANUARY, 2000 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; Harry Auerbach, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

On a Y-4 (Commissioner Saltzman was late) roll call, the Consent Agenda was adopted as follows:

**CONSENT AGENDA - NO DISCUSSION**

**Mayor Vera Katz**

- 66** Confirm appointments of Stephanie Andrus, Matthew Peterson, Thomas Abrahamson and Elissa Gertler to the Portland Utilities Review Board (Report)

**Disposition:** Confirmed.

- \*67** Extend legal services agreement with Reeve Kearns PC (Ordinance; amend Agreement No. 31950)

**Disposition:** Ordinance No. 174077. (Y-4)

- \*68** Extend legal services agreement with Reeve Kearns PC (Ordinance; amend Agreement No. 32277)

**Disposition:** Ordinance No. 174078. (Y-4)

- \*69** Pay claim of Deborah Brown (Ordinance)

**Disposition:** Ordinance No. 174079. (Y-4)

- \*70** Pay claim of Sarah Garcia (Ordinance)

**Disposition:** Ordinance No. 174080. (Y-4)

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**Commissioner Jim Francesconi**

- 71 Accept partial completion of Southwest Community Center and make partial release of retainage to Nielsen Dillingham Builders (Report; Contract No. 31431)

**Disposition:** Accepted.

- \*72 Authorize amendment to contract with Mitchell Nelson Group, Inc. for the preparation of a master plan update for the Portland International Raceway (Ordinance; amend Contract No. 31695)

**Disposition:** Ordinance No. 174081. (Y-4)

- \*73 Amend contract with Western Equipment Distributors, Inc. for turf maintenance equipment (Ordinance; amend Contract No. 28271)

**Disposition:** Ordinance No. 174082. (Y-4)

- \*74 Lease for project space 2535 N. Ross Street for the Office of Transportation (Ordinance)

**Disposition:** Ordinance No. 174083. (Y-4)

**Commissioner Charlie Hales**

- 75 Accept completion for improvement of NE Martin Luther King Jr. Blvd. from NE Fremont to Shaver electrical project #2 and authorize final payment to Ampere Electric, Inc. (Report; Contract No. 32088)

**Disposition:** Accepted.

- 76 Accept contract with Nutter Corporation for street improvements on NE Martin Luther King Jr. Blvd., NE Portland Blvd. to Dekum Street, medians as complete, release retainage and make final payment (Report; Contract No. 32438)

**Disposition:** Accepted.

- 77 Accept completion for improvement of NE Martin Luther King Jr. Blvd. from NE Fremont to Beech, sidewalk project #7, and authorize final payment to Wallace & Associates, Inc. (Report; Contract No. 32491)

**Disposition:** Accepted.

- \*78 Cooperative improvement agreement with Oregon Department of Transportation and Portland Region Metropolitan Service District for the design, construction and maintenance of segment 3 of the Peninsula Crossing Trail (Ordinance)

**Disposition:** Ordinance No. 174084. (Y-4)

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- \*79** Amend contract with Nutter Corporation to increase the amount to \$257,478 for construction on NE MLK Jr., Blvd. and provide for payment (Ordinance; amend Contract No. 32654)

**Disposition:** Ordinance No. 174085. (Y-4)

**Commissioner Dan Saltzman**

- 80** Accept completion of the Columbia Boulevard Wastewater Treatment Plant laboratory remodel, Project No. 6448, and authorize final payment to Ruffin Construction, Inc. (Report; Contract No. 32274)

**Disposition:** Accepted.

- \*81** Authorize a contract with US West Communications for reimbursement of utility relocation work for Tanner Creek stream diversion project, Phase 2, Project No. 5500 (Ordinance)

**Disposition:** Ordinance No. 174086. (Y-4)

- \*82** Revise legal descriptions of sewer easements within Pier and Chimney Parks and provide for payment for additional easement area in Chimney Park (Ordinance; amend Ordinance No. 169428)

**Disposition:** Ordinance No. 174087. (Y-4)

- 83** Accept agreement between the City of Portland and the Port of Portland for environmental services to provide in-stream and de-icing monitoring services in the Columbia Slough over a period of five years and receive total payments of \$199,456 from the Port of Portland (Ordinance)

**Disposition:** Passed to Second Reading January 26, 2000 at 9:30 a.m.

**Commissioner Erik Sten**

- 84** Authorize a contract and provide payment for landscaping improvements to well sites #26, 29 and 32 (Ordinance)

**Disposition:** Passed to Second Reading January 26, 2000 at 9:30 a.m.

- \*85** Agreement with Golder Associates, Inc. to provide groundwater technical services for the Columbia South Shore well fields for the Resources Management Group within the Water Bureau at a cost not to exceed \$200,000 (Ordinance)

**Disposition:** Ordinance No. 174088. (Y-4)

REGULAR AGENDA

- 55**     **TIME CERTAIN: 9:30 AM** – Approve an amendment to the Central City Streetcar alignment from the current terminus to the Portland State University Urban Center and to and through the North Macadam District and direct further actions related to implementation (Resolution introduced by Commissioner Hales)

**Discussion:** Commissioner Hales said he was pleased to have this package before Council today. The sparse public attendance demonstrates a high level of community agreement and support. Street car construction is going a block a week. He noted that the Portland Development Commission (PDC) has financed this extension. It is exciting that we are going to physically connect this extension to the bus mall.

Michael Powell, Portland Streetcar, Inc. Board of Directors, explained the new streetcar alignment and the reasons why the committee and the neighborhood group preferred the Naito Parkway and the proposed River Parkway. This route maintains the connection to Corbett. Approval of this resolution will launch the design engineering work on the urban center extension and to Montgomery. They will be back in June with a recommendation for implementation.

Commissioner Francesconi asked if there would be a change in operating costs with this alignment.

Mr. Powell said costs are determined with the number of stops. It would be a slightly shorter route to go straight up Moody, but by just a minute or so. It is also dependent on traffic flow as it moves with it. They have gotten a very good price on the cars up to now. If Council directs, they will begin to study for further extensions. Another car will be needed to get into Riverplace.

Commissioner Francesconi asked if they had the operating costs to Portland State.

Mr. Powell said no, they still need to raise money for one more car. They have to come up with \$2 million, but the project is being built on time and within budget.

**Disposition:** Resolution No. 35856. (Y-5)

- \*56**     Amend agreement with Portland Streetcar, Inc. to provide additional services related to the implementation of the Central City Streetcar Phase I project (Ordinance introduced by Commissioner Hales; amend Agreement No. 31428)

**Discussion:** Vicky Diede, Portland Office of Transportation (PDOT), Streetcar project Manager, said this amendment will have Portland Streetcar, Inc. provide the design and engineering for the extension to the urban center and additional services for the design on the maintenance facility. This is totally within the budget previously presented.

**Disposition:** Ordinance No. 174089. (Y-5)

- \*57** Accept a grant from the US Department of Housing and Urban Development in the amount of \$500,000 for the Central City Streetcar project (Ordinance introduced by Commissioner Hales)

**Discussion:** Vicky Diede, PDOT, said this grant will pay for the design and engineering of the extension from the current terminus to the urban design center.

**Disposition:** Ordinance No. 174090. (Y-5)

- \*58** Intergovernmental agreement with the Portland Development Commission to provide tax increment financing from the South Park Blocks Urban Renewal Area for eligible elements of the Central City Streetcar Phase I project (Ordinance introduced by Commissioner Hales)

**Discussion:** Vicky Diede, PDOT, said this is an intergovernmental agreement with the Portland Development Commission (PDC) for \$7.5 million in tax increment financing in the South Parks Urban Renewal area.

**Disposition:** Ordinance No. 174091. (Y-5)

- \*59** Amend contract with Stacy and Witbeck, Inc. to extend the asphalt paving limits to include the full street width on SW 10th Avenue from SW Stark to Market and on SW 11th Avenue from SW Salmon to Market in conjunction with construction of the Central City Streetcar Phase I project (Ordinance introduced by Commissioner Hales; amend Contract No. 31987)

**Discussion:** Vicky Diede, PDOT, said sections on SW 10<sup>th</sup> and 11<sup>th</sup> are in bad shape and need major maintenance or repair now. Doing it now will be less disruptive to the businesses and the streetcar operations.

**Disposition:** Ordinance No. 174092. (Y-5)

- 60** Adopt the January 2000 revised Capital Finance Plan for the Central City Streetcar project (Resolution introduced by Commissioner Hales)

**Discussion:** Vicky Diede, PDOT, said this contains the paper work for additional paving and streetlight conduit work, previously approved by Council. There is still a healthy contingency for where they are in the project.

Mayor Katz said they are moving quickly, even ahead of schedule, which may give them an opportunity to capture some of the resources in order to look at the next phase.

Commissioner Hales said they have been trying to under-promise and over-deliver and they believe it will come in ahead of schedule.

Commissioner Francesconi said the streetcar enhances the quality of life in the City. Traditionally, transit has not been a City role and we need to be careful to not take away from other transportation missions, especially in the neighborhoods.

Commissioner Hales thanked the PDOT staff and the team at Stacy and Witbeck. They have consistently made this project work at street level. This is an urban revitalization

project as well as a transit project. The streetcar is simply to make our city a better place to live, not to show off about.

Mayor Katz said Commissioner Hales deserves a lot of credit in putting this together, along with the managers and partners. It is amazing how quickly and efficiently this has been done.

**Disposition:** Resolution No. 35857. (Y-5)

**\*61 TIME CERTAIN: 10:15 AM** - Authorize agreement with the Union Pacific Railroad Company for lease of the Steel Bridge and long term walkway operations and authorize payment for the Steel Bridge Pedestrian and Bicycle Crossing project (Ordinance introduced by Commissioner Hales)

**Discussion:** Commissioner Hales said this project has been going on since 1991. He noted that Vic Rhodes, PDOT Director, has thought about all modes of transportation in a healthy city. Not just on land, but river taxis for instance. A continuous pedestrian loop in downtown is nearly finished.

Vic Rhodes, Director, PDOT, said they tried to find a way to use the Willamette River as a uniting, rather than dividing, force. The Steel Bridge walkway was part of a list of projects to do that. Others are cleaning up the Eastbank Overlook area and creation of a dock system to support water taxis which would go as far as Oaks Park. They are, with the Willamette Light Brigade, going to try to light the bridge. The Eastside dock was completed last summer, the City has commercial rights to the outside of the dock and it can take boats as large as the Spirit of Portland. There is grant money for a restroom and public safety facility on the east side, which will be done when the east side walkway is complete. He explained the five actions on the Agenda and thanked the advocacy of Tom Ogee of Union Pacific Railroad. The last piece, the voluntary LID of \$1.5 million, will come in February.

Karen Rabiner, PDOT, said the Steel Bridge is the main link between downtown and the Oregon Convention Center and the Lloyd District. It carries light rail, buses, cars, bicycles, pedestrians and the railroad on the lower deck. There was no way to widen the sidewalks on the upper deck, so they will be on the lower deck. The total cost of this project is \$8.2 million, of which \$5.5 million is the construction cost and approximately \$650,000 in property rights was acquired. The Steel Bridge was built in 1912 and is the only telescoping, vertical lift span in operation today in the U.S. During construction, the trains and water traffic will be going on -- this is a very unique transportation project.

Commissioner Francesconi said the Eastbank Esplanade is the most important parks project in the entire city. For the first time, the river will not divide us. The East side has waited a long time for access to the river. It is an important regional link connecting our trails system. The next link will be between OMSI and the Springwater Corridor.

Commissioner Hales thanked the transportation staff for their excellent work. Not only is our City capable of envisioning good things, but the public agencies put in the patient effort and competence to make it happen.

Mayor Katz said this is a part of a bigger vision which began with former Commissioner Mike Lindberg's work with the East Bank Esplanade Park. This component ties the community together. We now need to restore our natural resources and clean up our river.

**Disposition:** Ordinance No. 174093. (Y-5)

- \*62 Accept a permanent public right-of-way easement for the Steel Bridge Pedestrian and Bicycle Crossing project granted by Union Pacific Railroad Company, authorizing total payment of \$307,012 (Ordinance introduced by Commissioner Hales)

**Disposition:** Ordinance No. 174094. (Y-5)

- \*63 Authorize agreement with the Union Pacific Railroad Company for construction of the Steel Bridge Pedestrian and Bicycle Crossing project (Ordinance introduced by Commissioner Hales)

**Disposition:** Ordinance No. 174095. (Y-5)

- \*64 Adopt findings, approve an alternate contracting process, create an exemption to the competitive bidding requirements of ORS Chapter 279, contract with the highest scoring evaluated proposer and provide for payment for the River Access and Transportation, Phase I, Steel Bridge Pedestrian and Bicycle Crossing project contractor (Ordinance introduced by Commissioner Hales)

**Disposition:** Ordinance No. 174096. (Y-5)

**Mayor Vera Katz**

- \*86 Establish temporary pay schedules for non-represented classifications and elected officials effective the pay period beginning January 20, 2000 to June 30, 2000, specify the effect upon employees in the affected classifications and provide for payment (Ordinance)

**Discussion:** David Shaff, Employee Relations Manager, Human Resources, said the first three of the item nos. 86 through 89 are intended to implement the Council desire to have a consistent wage settlement package for all of the bargaining units and employees. These are intended to create a mirror image of the agreements signed with the District Council of Trade Unions (DCTU), City of Portland Professional Employees Association (COPPEA) and what is on the table with Police and Fire. That is the temporary .9 percent increase that does not go to the base, giving a net two percent increase in this fiscal year. The increase will become effective tomorrow, January 20<sup>th</sup>, to avoid costs to compute retroactive pay to July 1, 1999.

**Disposition:** Ordinance No. 174097. (Y-5)

- \*87 Authorize the Mayor and Auditor to execute a labor agreement between the City of Portland and Municipal Employees Local 483 establishing a temporary pay increase for Recreation employees effective the pay period beginning January 20, 2000 to June 30, 2000 and provide for payment (Ordinance)

**Disposition:** Ordinance No. 174098. (Y-5)

- \*88** Authorize the Mayor and Auditor to execute a labor agreement between the City of Portland and the Portland Commanding Officers Association establishing a temporary pay increase effective the pay period beginning January 20, 2000 to June 30, 2000 and provide for payment (Ordinance)

**Disposition:** Ordinance No. 174099. (Y-5)

- \*89** Authorize the Mayor and Auditor to execute a Memorandum of Agreement amending the labor agreement between the City of Portland and the Portland Fire Fighters' Association (Ordinance)

**Discussion:** Mr. Shaff said this is a modification to the Fire agreement which came up during negotiations. It is a proposal for premium pay for certain Emergency Medical Technician (EMT) coaches. When new firefighters come out of training, they would be paired with a mentor, a more experienced officer. The second piece relates to the amount of time an employee must work when acting out of classification. There has been a grievance regarding the coaches' pay. The reason to do this now, rather than in an overall contract settlement, is that a cadre of employees have just come out of training on January 6<sup>th</sup>.

Commissioner Saltzman said Mr. Shaff glossed over the fact they are in negotiations. He questioned the three percent premium and pay for acting officers and asked why these are not part of the negotiations.

Chief Robert Wall, Fire Bureau, said the reality was this was not a big money issue and it was the fair thing to do. It is of benefit to management.

Commissioner Saltzman said this would cost the City more and rightly belongs in negotiations. Why would firefighters require more money to mentor when that should be part of the job.

Mr. Shaff said this deals with some operational needs going on in the Fire Bureau today, as opposed to the more global issues in contract negotiations. The Bureau has a goal to increase EMTs at every station. The premium pay is not uncommon and is in other labor agreements, such as Police and DCTU.

Commissioner Francesconi said in his opinion there will be no settlement, so this is right to do now.

Commissioner Saltzman asked about the pay for acting officers. The change is from an acting officer receiving higher pay for 12 consecutive hours to four hours. Why would this not be handled in negotiations. Perhaps this should be set over for the Executive Session later today.

Chief Wall said there is more to it than they want to go into now.

Mayor Katz asked, if Council acted on this now, would it assist in dealing with the total compensation package in arbitration.



Mr. Shaff said not really, as it has a pretty small financial impact. This was part of the final offer submitted yesterday to the State Mediator, part of the overall costing.

**Disposition:** Ordinance No. 174100. (Y-5)

**\*65 TIME CERTAIN: 11:00 AM** - Amend contract with Convergent Group, Inc. (Ordinance introduced by Mayor Katz; amend Contract No. 31830)

**Discussion:** Glenn Meyer, Director, Bureau of Information Technology (BIT), said this is a contract amendment for \$3.4 million for Phase 3 of the Geographic Information System (GIS) project. He gave a history of the GIS project and the selection of Convergent Group under the Request for Proposal (RFP) process which called for a three-phase approach for development of a Hub. The Hub is an aggregation of cutting edge data storage, data base management and data translation technologies. It is the first of its kind nationally. Phase 3 is the City-wide rollout.

Mayor Katz asked when this is finished will the City own it, can the City sell it.

Mr. Meyer said yes.

Rick Shulte, BIT, listed key reasons why the Hub is needed to allow the sharing of data on an enterprise basis. All the bureaus are developing and investing in enterprise applications which will need this support. It will improve business processes by delivering information in a variety of methods, internally or to the public -- it will empower citizens when they can access information. With good information at our fingertips, more sound decisions can be made. The system will help to contain costs. A key component is that it is desktop access and another is internet access. Regarding enterprise applications, the new TRACS building permit application is a good example. It will have a GIS component built into the permit system, which accesses the Hub. Both map and permit can be accessed through the one interface, providing the visualization of what permits are on a property and how many are in one area. Having the information in one place will enable the City to analyze and support urban growth, neighborhood activities, socio-economic development or analysis, planning and community development and public safety. He listed the business projects reliant on the ability to get at this information in the bureaus, such as Transportation, Environmental Services, Water, Buildings and others. The 9-1-1 calls can be tracked by area and their nature at the end of the day. This system is accurate and timely. Mr. Schulte said they would leverage regional partnerships and foster public/private relationships. He outlined the schedule for the future implementation of all aspects of Phase 3.

Mayor Katz asked, if we own this and if it may be the only one in the country, have they thought of entrepreneurial options to make the City a little money.

Mr. Schulte said there was tremendous interest from regional partners and also on a national level. Language in the Convergent contract calls for negotiation of a possible business arrangement.

Mayor Katz asked if they were dealing with the issue of confidentiality.

Mr. Schulte said they will form an internal group to determine the policy and confidentiality issues.

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Mr. Meyer said once the confidential areas are designated, they can secure that information. The entrepreneurial idea was part of the selection of Convergent for their national and international reputation as BIT will want consultant help in advertising and promotion.

Commissioner Hales noted that this was a lot of money and asked if duplicate record systems would be eliminated. Will the bureaus stop buying old record systems.

Mr. Meyer said cost avoidance is definitely part of this effort. They looked, bureau-by-bureau, at how they were doing business.

Mr. Schulte said over \$16.8 million a year is spent on mapping and geographic record activity. Nearly half of the time is spent in seeking and verifying information. The executives from each bureau unanimously said they want to build the one system.

Commissioner Hales said the benefit of the technology will have to be managed in order to be realized -- budgets and practices will need to be analyzed. The benefit is elusive unless chased down and we do not need another layer of information.

Mayor Katz said it is Council's responsibility to make sure all the bureau managers agree. Practices will have to change if this is in place. By the end of the year, will BIT be able to say how much savings there will be.

Mr. Meyer said this whole thing, uniquely, has been a collaborative process. In the initial study, they quantified exactly how much time individuals and bureaus were spending seeking and verifying information on old maps. How much time is saved can be quantified.

Mr. Schulte said the numbers and staff time will be difficult, but they can report on how bureaus are implementing and leveraging this investment.

Commissioner Saltzman asked how they would have remote water meter readings and could an individual access the information about consumption.

Mr. Schulte said he did not know, but the technology to put something on the meter itself does exist.

Commissioner Sten said tests are going on, but it is a great deal more expensive to dig each meter up than to have the personnel to read meters. There is talk about partnering with other utilities, but not soon.

Mayor Katz said BIT needs to meet with the Commissioners as well as bureau managers to see what they envision as a result.

Commissioner Francesconi said he asked all four of his bureau managers about the benefits to them and to the citizens and they responded there would be savings and benefits. GIS has been described as a warehouse with a store of information and we need to figure out how the public can best access it. Educational institutions need to be brought into this in the future.

Commissioner Hales said he still questions whether or not they will really realize the potential of this investment. Will this just make us busier or more productive. Busy is not necessarily productive. Council and the managers will have to go into the details of the

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budgets. The Permit Center implemented the TRACS system, replacing 11 different record keeping systems. It takes much grunt work at the program level.

Commissioner Saltzman said they need to hear the bad news, as well as the good. What are some service improvements we can implement now. He asked for a letter from staff or Convergent to address that.

Commissioner Sten said Council must translate this into savings, but it is a far greater danger to be out of step with the rest of the world. The key piece, a difficult one to fund, is to annually work to make the technology current. To keep going step by step rather than big fixes is the right approach.

Mayor Katz said a Council goal is to have a 24-hour City Hall. It is Council's job to translate this into something people can understand. She wants the "dial and deliver" system online very quickly. We need the ability to notify geographic groups of citizens about such

things as flooding, storms or other information and, perhaps some day, for required hearings notifications. She is looking forward to seeing savings from this.

**Disposition:** Ordinance No. 174101. (Y-5)

At 11:20 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19TH DAY OF JANUARY, 2000 AT 6:00 P.M.

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

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

**90 TIME CERTAIN: 6:00 PM** – Public hearing on proposed changes to City water, sewer and stormwater rates (Hearing introduced by Commissioners Saltzman and Sten)

**Discussion:** Commissioner Sten said this is an issue people have been concerned about and working on for, literally, years. He and Commissioner Saltzman have two major proposals for feedback. After that, they plan 14 hearings throughout the City to give people a chance to comment. Times have changed and even though Portland has a lot of rain and water in the region, we do need to conserve more and be careful where used water is dumped. The first area is service charges. For a small volume user, about two-thirds of the bill is service charges. For a large volume user the service charge is small. The first proposal is to eliminate the service charge and simply charge for water based on volume. Commissioner Sten noted the underlying message is if a customer uses 10-20 percent less water, he pays 10-20 percent less. The second proposal, on stormwater, a customer should not pay for a service not used. Many homes do not dump into the combined sewer system, but are charged that fee. Although a big chunk of the stormwater fee goes to roads and other things everyone uses, he and Commissioner Saltzman support a discount on the stormwater fee.

Commissioner Saltzman recognized that people primarily from the east side of East 82<sup>nd</sup> Avenue have well-founded feelings of inequitable treatment. A guiding principal, however, is a revenue-stability requirement of the City's utilities. It is time to "walk the talk" on sustainability and the best way to do that is to give customers the control over how much they use and pay accordingly.

Commissioner Francesconi noted that the system does not provide incentive for investments in onsite stormwater management. Also, seniors and low-income folks need more help with their bills.

Mike Rosenberger, Director, Bureau of Water Works, said there is material available on many facets and Water Bureau staff is on hand for questions.

Rich Perkel, Water Bureau Finance Manager, gave information on the Bureau's evaluation of service charge rate structure alternatives. He showed current service charge comparisons and what service they currently cover. A residential customer pays more in service charges proportionately than a high-user industrial customer. Service charges pay for meter reading, billing, customer services and payment processing. Meter and service line maintenance costs vary with their size. Mr. Perkel mentioned other costs, such as administrative and utility license fee. Service charge revenues are about 14 percent of the total Water and Bureau of Environmental Services (BES) revenue. Of the service charge revenues, about three-fourths are recovered from the residential class. Two service charge alternatives have

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been identified: 1) billing costs only and 2) no service charge -- no fixed charge. In options 1 and 2, there are two options of how the redistributed service charge might be recovered

through a volume and drainage charge. Option A, costs recovered uniformly across all customer classes, and Option B, costs recovered within customer class.

Mr. Perkel said under alternative 1, only the costs associated with meter reading, billing, customer service and payment processing remain as part of the fixed service charges. All other costs are redistributed to the volume water charge and volume and drainage charge for BES. Alternative 2 would have all fixed service charges recovered mainly through volume charges and, to a lesser extent, the drainage charge. He compared all the combinations of alternatives and options and their effect on residential and commercial customers. He also listed the three most crucial criteria: residential affordability, controllability and conservation. July 1, 2000 will be the earliest possible implementation date for any adopted changes. Universal monthly (it is now quarterly) meter reading and billing is targeted for implementation in Spring, 2001, the cost of which is not included in this presentation. Both bureaus will continue to evaluate all the impacts.

Commissioner Sten asked if conservation will take place in response to price.

Mr. Rosenberger said that is one piece of the changes from pricing to conservation. Monthly billing will give more pricing signals to customers.

Commissioner Francesconi asked why this has not been done sooner.

Bob Rieck, Water Bureau Finance and Support, said rates have been studied over the years. In 1995, the service charges were amended, with trade-offs on fire lines.

Mr. Rosenberger said pricing structures have been looked at in the past few years. Block pricing and BES' change to a rate based on water consumption occurred about three years ago.

Dean Marriott, Director, BES, said his bureau's presentation will focus on the stormwater issue, outlining four options.

Dan Vizzini, Project Manager, BES, said the goals are to increase the ability of ratepayers to control their bill, improve the link between service costs and benefits, assure long-term utility stability and improve quality of stormwater entering surface waters -- streams, rivers and the groundwater system. Without new resources or change in the mandate of the utility, all rate reform does is change the mix of who pays what. New demands and regulatory requirements may exceed the fiscal capacity of the utility, which has grown in response to requirements to replace old capital and meet new environmental regulations. As short-sighted decisions have led to long-term cost consequences, this round of rate reform should be dealt with over the long-term. Mr. Vizzini said everyone benefits from a healthy environment and a transportation network, which are major costs to the stormwater utility. An essential definition of equity is to have those costs borne by everyone. The rate structure driving all the rate alternatives comes in three areas: 1) transportation systems are responsible for 70 percent of the runoff and water quality problems; 2) property runoff represents another 23 percent; and 3) environmental activities to clean up the receiving waters for stormwater is about 7 percent. Based on that structure, they propose four options:

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1) the current system with a residential discount program of 23 percent (the property component); 2) a groundwater district rate, allowing a city-wide system of discounts for those qualifying; 3) link the stormwater bill to trip generation data -- how much a customer uses the public transportation system -- for a percentage discount for that 70 percent of the bill; and 4) a hydrologic model tailored to five characteristics of private property. Mr. Vizzini showed graphs and maps and described effects on rate payers, residential, business, schools, from the various options. The hydrologic model comes as close to equity as possible but is complex. It takes into account soil type, topography, impervious area, tree canopy and property use.

Commissioner Francesconi asked if the environmental is seven percent of the bill could a system be devised allowing 30 percent discount if quality and quantity were combined.

Mr. Vizzini said the seven percent environmental piece has nothing to do with the flow of water off the property, it has to do with watershed planning and work with Endangered Species Act (ESA) response -- purely environmental protection and restoration. The ratepayer base needs to be expanded to include those who do not use sewers but do benefit from stormwater services, as well as riparian properties near rivers and streams which pay nothing now. Properties within the independent drainage districts need to be billed, without double billing as they are already paying a drainage district assessment. They should contribute to the City-wide services provided.

Mayor Katz asked about revenue enhancements and taxes.

Mr. Vizzini said they need to move toward revenue enhancements local or regional General Obligation bonding, gas tax, motor vehicle fees, commodity taxes on pollutants and increased permit fees. All the estimates so far are based on a utility which exists without the additional burden it will have to take on for the fish listing, additional work to replace old infrastructure and unknown regulatory burdens EPA or DEQ might require. Rate reform is embedded in the City's relationship with East Portland, other neighborhoods and sections of town that feel there is an equity issue.

Commissioner Hales supports building the impervious surface caused by streets and that caused by houses and everything else into the rate structure. Common sense says the percentages quoted above are not correct. A typical house on a 50 by 50 lot with 1,000 square-foot house has the ratio of 67 percent private property and 33 percent streets. A downtown building is 84 percent private property and 16 percent streets. That does not jibe with 70/30 percent. The numbers need to be credible.

Mr. Marriott said BES has thoroughly vetted the calculations and worked with the Portland Office of Transportation (PDOT). PDOT is convinced the 70/30 is accurate.

Mayor Katz asked, regarding the hydrologic, can the GIS systems get close to an analysis that makes sense.

Mr. Vizzini said not today. Additional work is needed and there needs to be a link to the customer billing system.

Dave Hasson, Office of Finance and Administration (OFA), Utilities Review Team (URT), said they can support the option that reduces the service charge by about half, as opposed to

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totally eliminate the service charge. With the latter, the main concerns are that charges may move away from fairness and equity as they move away from the cost of service. Large volume users would subsidize the small volume users. Less than two percent of all utilities do not have a service charge. Also, there is a concern about legal defensibility. The Portland Development Commission (PDC) will issue a report on what the impacts on major commercial/industrial users would be. Limiting the service charge to the key elements of meter reading, billing and customer service would be equitable and defensible. It would moderate the rate shock impact on some of the large customers.

Mr. Hasson said the Team supports two options for the stormwater: discounts for onsite mitigation and the concept of the transportation alternative. Eligibility for discounts should depend on mitigating the quantity and quality of stormwater. It is reasonable to tie roadway use to the benefits of managing the stormwater. Trip generation, although imperfect, is a better method to assess right-of-way cost. It would have significant cost impact on traffic-oriented ratepayers, such as fast food, dry cleaners, car washes and even schools. They do not support groundwater districts or subdividing the City for preferential rate treatment. The hydrologic approach is good in theory but they are concerned about the difficulty and cost of implementation and administration. The added increase in equity will not be offset by costs. The riparian and others who are not charged at all should at least be charged for right-of-way costs.

Doug Morgan, Chair, Public Utilities Review Board (PURB), said these issues are very complex. The East County citizens have kept affordability and equity front and center on the recommendations. PURB is a representative group of 15 citizens, representing neighborhoods, small and large businesses, environmental groups and low-income. With any proposal that comes before them, they consider if it makes sense over the long haul, the consequences over the long haul and the consequences of the inter-active effect on all the ratepayers. In PURB's history, they have never brought recommendations before Council which did not have consensus -- quite a record for such a fiercely independent Board. Of paramount importance to them is to think ahead so that policy decisions are workable, as "unwinding" them leaves citizens confused, confounded and further disaffected.

Doug Marker, PURB co-Chair Rate Reform Ad Hoc Committee, said we need to focus on conservation goals by integrating them into pricing. This should be part of the package so the rate structure is not changed every year. The quality of onsite stormwater treatment is a big unknown but PURB agrees about reframing away from the districting proposal. The transportation system contributes greatly to the cost of stormwater, in quantity and quality, a charge borne by ratepayers rather than the city as a whole, which does not contribute to affordability. The most consistently important item to PURB is to eliminate or cap the utility license fee.

Mayor Katz said PURB, for many reasons, does not have full recommendations at this time, so she asked them to make a presentation here, follow-up with neighborhood discussions and come back.

Commissioner Francesconi asked if PURB needed more time to recommend either reducing or eliminating the service charge and did they have a conclusion on the stormwater options. He further asked how rates can be lowered for everyone.

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Mr. Marker said they can support reduction of the service charge, but do not see a basis to shift costs between customer class, as there are very different cost of service principles for each class. Regarding the stormwater, he said they preferred a mechanism based on individual property characteristics, especially taking into account water quality. The rates are driven by a capital program, not just the Combined Sewer Overflow (CSO). The City has a very old infrastructure, much of which is being replaced as part of the CSO program. PURB has watched the capital program closely to be sure costs are appropriately borne by ratepayers as opposed to borne by the property tax.

Randy Leonard, State Representative, Southeast Portland, said as stormwater and sewers share the same system, the Willamette and Columbia Rivers are impacted. The CSO project is a huge, but necessary, cost. As each property, automobile and business owner contributes to the volume and contaminates of runoff, each should pay the associated costs. Those who contain the stormwater should not pay a fee. Those in the drainage districts, including the International Airport, unfairly pay nothing for discharges into the Columbia Slough, even though the City is responsible to clean the Slough contaminants.

Frank Shields, State Senator, Parkrose Methodist Church interim Pastor, expressed alarm for the costs churches pay for stormwater fees. He suggested money paid by faith-based organizations could be used for good works. Fees should be waived for them and other non-profits.

Jeff Merkley, East Portland State Representative, said his constituents who have dry wells and do not send stormwater into the system are concerned about the fairness of rates. He received 1,600 responses to a stormwater questionnaire, when he expected about 25. The vast majority consider the rates for services they do not use as unfair. There is a profound sense of injustice as Eastside residents were annexed to the City about the time the discount program was eliminated, especially as they were told they would not pay stormwater fees if they had dry wells. With dry wells, the amount of impervious surface is not relevant. The principle behind stormwater discounts is sound, giving people incentive and compensation to those who build and maintain dry wells. Commit to a "green fee" which would tax what is not wanted -- sewers and stormwater combined. People need to feel the calculations are fairly based.

Commissioner Francesconi asked if the service charge for meter reading is an Eastside concern. Also, could districting be an approach.

Mr. Merkley said the meter reading charge is not the main issue which has angered Eastside citizens, however it is a serious low-income concern. Districting came up when the bureau said it was too complicated to go property-by-property for the discount, but a big part of the City was not allowed by law to put water into the sanitary system. A sump district would be a short cut, saving the bureau a lot of time. That should be up to the bureau.

Commissioner Francesconi said he noted Mr. Merkley objected to the 70 percent figure, but asked if he believed in the right-of-way concept that everyone pays for.

Mr. Merkley said that cost should be put in with all the other road fees. He is not convinced all the stormwater costs are captured in the fee. The numbers are needed to demonstrate how much it costs to have stormwater in pipes and treated, especially to correctly calculate discounts.



Dr. Howard Horner, Rate Reform Advocates, said there is a serious question of fairness between residential and industrial users. Eliminating the service charges merits immediate adoption. Onsite stormwater management should have a discount. BES developed fee schedules suitable for the downtown and older parts of Portland. Those fees should not be charged for properties with dry wells, especially the 54,000 Eastside properties in this situation. BES should charge fees appropriate for service rendered and treat customers fairly. Transportation is another gimmick the Bureau has used to charge for the downtown combined sewer area, but it does not fit an area which has dry wells for all streets and properties.

Dorothy Gage, co-Chair Ash Creek Neighborhood Association (ACNA), said in Southwest there are more residential hook-ups than commercial/industrial, and it follows that residential revenue is the greater. Increase in the commercial/industrial is fair, as those costs are passed to the consumer. The rationale of assessing residential is defended for fear of thwarting economic development. Southwest does not benefit from BES services -- no street sweeping or leaf collection. When stormwater is treated onsite, there should be a discount in all fairness. Commercial/industrial users consume about 50 percent of the water and pay 20 percent of the fixed service charges. ACNA recommends staying with the quarterly billing, as billing monthly does not diminish the costs, but increases administrative and meter reading costs. Ms. Gage said they recommend eliminating the utility tax on a fee for service, which is deposited in the general fund. It should be applied to offset sewer and water rates. Evaluate the 75.3 miles of unimproved streets which do not create runoff at the same rate as impervious surfaces. Low-income users cannot keep up with double-digit rate increases. Encouraging conservation is important.

Ken Turner, General Manager, Eastport Shopping Center, SE 82<sup>nd</sup>, said the Center recently redeveloped and in order to get permits, they had to address stormwater management. A dry well system was installed for \$500,000, plus annual maintenance. The onsite system was required, but they are still charged as if using the system. The 70 percent transportation costs should be put on everyone. Conservation is a regional and state issue and the money should come from other sources.

Kathleen Dotten, Oregon Metals Industry Council and Portland Wastewater Treatment Association, said the two groups collectively represent some of the largest water/sewer users, such as Oregon Health Sciences University (OHSU) and Precision Castparts, but also the large employers such as Oregon Steel Mills and ESCO Corporation. The City needs to maintain an aging sewer system and meet EPA guidelines, but she cannot see why these objectives cannot be accomplished without such extreme rate increases. Portland's rates, among the highest in the nation, are scheduled to go up another 47 percent by 2005. Her two groups encourage an outside audit of BES, for additional efficiencies. The alternatives being considered will have a dramatic impact on business and a company's decision regarding expansion. An economic analysis is needed as it is a critical piece of information. Ms. Dotten said Oregon Steel Mills looked at Alternative 4, the hydrologic proposal, and found they would go from an \$8,000 a year water bill to close to \$70,000 a year. Also with Oregon Steel as an example, they decreased their water consumption by 12 percent, but even with that they had a three percent increase in their water bill. The alternatives are based on the assumption that businesses have the room to conserve more water, however most have made those conservation efforts.

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Commissioner Sten said it is hard to get a read on the business impact without proprietary information. On the big ones, privately or publicly, look at what the \$70,000 means to the costs. To use Oregon Steel as an example, the other public benefits the company gets, such as the \$5 million in annual tax abatement, need to be considered.

Commissioner Saltzman asked Ms. Dotten if either of her organizations taken a position about extending the revenue base for stormwater management fee to include riparian areas.

Ms. Dotten said neither organization has taken a formal vote. Members in both are dramatically impacted by that.

Commissioner Francesconi asked if Ms. Dotten was advocating for the status quo.

Ms. Dotten said she was, however she agrees in concept that it would be better to have an incentive-based program.

Tim Warren, Multnomah County Drainage District Board of Directors, said they support the Intergovernmental Agreement between the drainage districts and the City. The Districts protect 10,700 acres through 25 miles of levies and the north shore well fields. About 27 percent of the City street system runs into the Districts. Currently, there are many examples of double charges, where an onsite improvement is put in at considerable cost and yet there are still charges for stormwater.

Patrick Wolfe, Manager for Environmental Services, Portland Public Schools, said the school district is the seventh largest user in the City. Their sewer rates have about doubled in five years, even with the rigorous implementation of conservation measures, dropping water use by 18 percent and sewer use by eight percent. There must be incentives for large users to invest in conservation and structure the rates to encourage conservation.

Anne Nickel, Columbia Corridor Association, PO Box 55651, Portland, 97238, said they recognize that rate reform is necessary and are concerned about the possible shift from one ratepayer sector to another, creating conflicts. They support the discounts that address both quantity and quality, but need to look at them in light of everything the City is doing -- ESA response, stormwater manual implications, if dry wells are really working.

Michael Eagan, 1918 SE 181<sup>st</sup>, 97233, said he was low-income with dry wells on his property. All users should have some responsibility for stormwater runoff. He thinks this issue is headed in the right direction.

Donald Emmons, 549 SE 114<sup>th</sup> Place, 97216, said he has had dry wells over 40 years. He is a snow bird who lives in Arizona six months of the year. Everything is totally shut down, with the meter not clicking a bit, but he is still billed.

Lise Glancy, Port of Portland, 121 NW 2<sup>nd</sup>, said the Port supports the rate restructuring if it is equitably applied. They need more information to understand and analyze the implications. The transportation methodology may represent the most equitable way to assess right-of-way stormwater impacts. The Port recommends applying the onsite stormwater discount. Regarding costs connected with environmental programs, ESA and double digit ratepayer impacts, Council probably should consider alternate financing

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mechanisms for this portion of the fee. The Port also recommends undertaking the rate package as a whole, rather than incrementally.

Craig Flynn, 12048 NE Fargo Court, 97220, said Eastside residents are on the edge of a Superfund site. Portland's priorities seem to be unlimited funds for light rail projects and other boondoggles such as urban renewal districts. There are too many tax breaks and this money should be used for stormwater runoff. The number one goal is clean water and should be prioritized.

Glenn Hartel, 14641 E. Burnside, 97233, said he is in the Rockwood PUD, so he pays \$1.80 a unit for water when Portland predominately pays \$.98 a unit. He lives right on the light rail and the street was raised about two-three feet, putting the houses below street grade. He has never seen a maintenance crew cleaning out a dry well in the area streets since they were installed in 1984. Tri Met cleans their stations with steam and water all the time -- how is that assessed.

Susan Grewe, Pastor, Savage Memorial Presbyterian Church, 1740 SE 139<sup>th</sup>, 97233, objected to the church charges as they have dry wells and provide many social services to the City. There are only two classes in the rate structures, residential and commercial/industrial, which puts churches in the latter.

Heather Hess, 3540 NE 115<sup>th</sup>, 97220, said the three and one-half times cost ratio of sewer to water seems excessive. She has dry wells and spent \$10,000 to hook up to the sewer. It was not really necessary for her to connect to the sewer and now she is hit with huge bills.

Alfred Bayer, 11510 NE Knott, 97220, objected to stormwater fees when he has dry wells on his property, which he has owned for 50 years. The sewer makes sense, but there should be discounts for onsite stormwater management.

Robert M. Cameron, 13127 NE Halsey, No. 7, 97230, said he bought a seven-plex in 1995 and the first thing he did was hand-dig pipes to a dry well. As his property was once a stream bed, water is absorbed anyway. He said four percent of his sewer charge is a service charge, 66 percent is in a sanitary sewer volume charge and 33 percent is in a stormwater management fee. There is little common sense involved with the charges.

Ted Piccolo, 1501 N. Hayden Island Drive, said the City should stop profiting from ratepayers and using the money for ribbon-cutting schemes. The system should be based on usage. East Portland ratepayers need relief and there should be monthly billing.

Duke Kirschner, Foster-Powell Neighborhood Association, 5333 SE Rhone, said not very many people knew about the seniors and low-income stormwater discount or the utility tax fee. The lower middle class has been forgotten.

Paul Mouser, 2302 SE 142<sup>nd</sup>, said he has dry wells and is on a flag lot and is not even on the street. He does not understand why getting rid of the water costs four times as much as the water itself.

Norm Hill, 14715 NE Knott Crt., 97230, said water rates have gone up 77 percent in three years. He is in Rockwood Water District and has found they have to buy water from the

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City. His area has Columbia River water rights, but the City will not let them use it. Dropping the dry well discount to "be fair to non-dry well properties" was itself unfair.

Commissioner Sten said the Water Bureau has not raised the wholesale rate to Rockwood by anything like 77 percent.

Mike St. Claire, 2031 SE 161<sup>st</sup> Crt., 97233, said he is in the Powell Valley District. He just got a letter from Portland stating they would average out his water bill to 600 cubic feet when he and his wife do not even use half that. It would be fair to give him a refund. When his sewer was put in, backfill of asphalt from the dug-up street was used in the ditch, an environmental wrong. He talked to Commissioner Sten, the job's construction manager and the City inspector and nothing was done about it.

Jim Robison, 6615 N. Princeton, 97203, said he supports eliminating the sewer service charge and going to a volume fee. The bureau analysis of water usage is faulty. When people see the bill based on water volume, they will decrease their water usage.

Bill Vogel, 8626 NE Schuyler, 97220, said in the 20 years since his first home where he paid \$30 every three months, he now pays \$300 every three months. There is a disparity in rates and it has a big impact on the elderly.

Joe Graziano, business operator in the Rivergate Industrial Park, said he operates his business on variable and fixed costs. Currently, the water/sewer charges are a fixed charge. Additional charges on business is unfair as they are already focused on conservation.

June Shank, 2845 SE 120<sup>th</sup>, 97266, said she has a very rocky lot, which takes care of runoff, and has dry wells.

Jeffrey Hunt, 2809 SE 119<sup>th</sup>, 97266, said the only place the street rainwater goes is in his yard, yet he is charged for street stormwater. It is unfair that other people benefit from his fees.

William Jackson, NE 125<sup>th</sup> and Halsey, Eastminster Presbyterian Church, said both the church and parking lot have dry wells. They receive no services and yet the bill is increasing rapidly.

Linda Hoover, 5524 NE Wygant, 97218, Chair, Cully Neighborhood Association, said the majority of people in the neighborhood have dry wells and sumps and have been hooked up to the sewer. They are being double-billed. The area has a large proportion of low-income people. (It has no park.)

The following said they have dry wells and object to losing the discount. They are paying for a system they do not use. Consumers, residential and commercial, should be rewarded for conservation.

Marla Long, 13024 SE Mill St., 97233

Herbert Chow, 2245 NE 79<sup>th</sup>, 97213

Jada Mae Langloss, 310 NW Flanders, 97209

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Mayor Katz asked staff if they had heard anything in testimony which really needed correction at this time.

Mr. Rosenberger said no, but he had noted nine key issues to address in budget talks.

Mr. Rieck said East County has an interesting fabric of government structure. In addition to the Portland Water Bureau, there are two water districts which also provide water services to City customers. The City has contracts with the two districts, Rockwood and Powell Valley, but they independently set their own rates.

Mr. Perkel said, in estimating conservation for the residential class, they looked at 40,000 individual accounts and estimated water savings for those accounts. It was not based on average residential usage, but on literally one-third of the residential class.

Mr. Marriott said there had been some misstatements but he did not want to get into details at this point.

Mr. Vizzini said the sequence of events around the discount program and its closure needs to be understood as does perceptions in the community. There are costs associated with sumps and dry wells that they are just beginning to understand in terms of EPA and DEQ regulations and the need to protect groundwater supply. There could be greater restrictions coming and any discount program will have to account for that. The perception that a dry well/sump system is cost-free is incorrect.

Mayor Katz said they need clarification of these costs and their impact on rates. All issues need to be laid out for Council to understand all the long- and short-term implications. There is a lack of trust in outer Southeast and the last thing Council wants is to do something today and reverse it tomorrow when there is more information.

Commissioner Sten said they do have to come to a conclusion even if it will contain some unknowns.

Commissioner Francesconi said they must do something in May to effect the next rates.

Mr. Rosenberger said having something in the next rate, July 1<sup>st</sup>, might depend on what "it" is.

Mr. Vizzini said there is a Time Certain set for April 5<sup>th</sup> to come back with what has been learned in the community meetings.

Mayor Katz said she wants to make sure the community as a whole is told what is coming down the road so, if things do change, they are not surprised.

Commissioner Francesconi asked BES and Water to devise some scenarios about what it would mean to their budgets to lower the rates.

Commissioner Sten said there will be 14 public meetings throughout the City to share information on the range of options. The same or revised options will come back to Council on April 5<sup>th</sup>.

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Commissioner Francesconi asked staff to look at the low-income and senior discounts and the conservation program to see if it can be expanded with peak pricing and volume rates in addition to the service charge.

Mayor Katz said, depending on how far they go, there are legal issues which they need to know.

Mr. Rosenberger said they can provide a concise memo to Council on where they are on conservation. Regarding the low-income assistance program, today's packet contains information on how it has been expanded by Council and how the rate has gone up from 15 to 30 percent.

Mr. Vizzini said the conservation management report is included in today's packet.

**Disposition:** Continued to April 5, 2000 at 2:00 p.m.

At 9:35 p.m., Council adjourned.

GARY BLACKMER  
Auditor of the City of Portland

*Britta Olson*

By Cay Kershner  
Clerk of the Council  
(Prepared by Britta Olson)

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**THURSDAY, 2:00 PM, JANUARY 20, 2000**

**91      TIME CERTAIN: 2:00 PM** – Amend City Code regulations for secondhand dealers  
(Previous Agenda 1744; amend Code Section 14.37)

**Disposition:** Rescheduled to February 16, 2000 at 9:30 a.m.