



CITY OF  
**PORTLAND, OREGON**

OFFICIAL  
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,  
 OREGON WAS HELD THIS **28TH DAY OF NOVEMBER, 2007** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Leonard and  
 Sten, 3.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ben  
 Walters, Senior Deputy City Attorney; and Ron Willis, Sergeant at Arms.

	<b>Disposition:</b>
Due to the absence of two Council members, the Consent Agenda and Emergency Ordinances were considered at the Thursday, November 29, 2007, 2:00 PM session.	
<b>COMMUNICATIONS</b>	
<b>1396</b> Request of Sarah Hobbs to address Council regarding bike/auto safety on a positive note (Communication)	<b>PLACED ON FILE</b>
<b>1397</b> Request of Sonja Harju to address Council regarding bikes/riders/autos: different perspectives (Communication)	<b>PLACED ON FILE</b>
<b>1398</b> Request of Cheryl Ellis to address Council regarding bikes/riders/autos: different perspectives (Communication)	<b>PLACED ON FILE</b>
<b>TIME CERTAINS</b>	
<b>1399 TIME CERTAIN: 9:30 AM</b> – Accept Fair Growth and Farmlands Committee Report (Report introduced by Mayor Potter)  <b>Motion to accept the Report:</b> Moved by Commissioner Leonard and seconded by Commissioner Sten.  (Y-3)	<b>ACCEPTED</b>
<b>1400 TIME CERTAIN: 10:00 AM</b> – Approve the appointment of members to the Citizen Review Committee associated with the Independent Police Review Division (Resolution introduced by Auditor Blackmer)  (Y-3)	<b>36554</b>

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<p><b>1401</b> <b>TIME CERTAIN: 10:15 AM</b> – Accept the report Venture Capital Fund Review (Report introduced by Mayor Potter and Commissioner Adams)</p> <p><b>Motion to accept the Report:</b> Moved by Commissioner Leonard and seconded by Commissioner Sten.</p> <p>(Y-3)</p>	<p><b>ACCEPTED</b></p>
<p><b>CONSENT AGENDA – NO DISCUSSION</b></p> <p><b>Mayor Tom Potter</b></p> <p><b>Office of Management and Finance – Human Resources</b></p> <p><b>*1402</b> Create a new Nonrepresented classification of Investment Officer and establish a compensation rate for this classification (Ordinance)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181443</b></p>
<p><b>Office of Management and Finance – Revenue</b></p> <p><b>*1403</b> Extend and increase contract with Compass Computing Group, Inc. for continued application development and support services (Ordinance; amend Contract No. 35700)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181444</b></p>
<p><b>*1404</b> Exempt refunds, refund related documents and refund processing from the requirement that City employees must sign a confidentiality oath prior to obtaining access to financial information received by the License and Tax Division of the Revenue Bureau (Ordinance; amend Code Section 7.02.240)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181445</b></p>
<p><b>Commissioner Sam Adams</b></p> <p><b>Bureau of Environmental Services</b></p> <p><b>*1405</b> Accept subrecipient grant award from Willamette Riverkeeper in the amount of \$14,000 for FY 2007-2008 for restoration work at the Stephens Creek Confluence Habitat Enhancement Project (Ordinance)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181446</b></p>
<p><b>1406</b> Authorize Intergovernmental Agreement with the East Multnomah Soil and Water Conservation District to partner on the Naturescaping for Clean Rivers Program (Second Reading Agenda 1380)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181447</b></p>
<p><b>Office of Transportation</b></p>	

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<p><b>*1407</b> Authorize a Funding Agreement with Neighbors West/Northwest on behalf of the Linnton Neighborhood Association to receive a \$12,800 grant from Metro's Community Enhancement Program (Ordinance)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181448</b></p>
<p style="text-align: center;"><b>Commissioner Erik Sten</b></p>	
<p style="text-align: center;"><b>Bureau of Housing and Community Development</b></p>	
<p><b>*1408</b> Increase subrecipient contract with Salvation Army by \$124,662 to expand services to include the Women's Day Shelter and provide for payment (Ordinance; amend Contract No. 37238)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181449</b></p>
<p style="text-align: center;"><b>Fire and Rescue</b></p>	
<p><b>*1409</b> Extend contract with Art Anderson Associates for one-year for up to an additional \$84,000 for construction project management services (Ordinance; amend Contract No. 36992)</p> <p><b>RESCHEDULED TO NOVEMBER 29, 2007 AT 2:00 PM</b></p> <p>(Y-4)</p>	<p><b>181450</b></p>
<p style="text-align: center;"><b>REGULAR AGENDA</b></p> <p style="text-align: center;"><b>Mayor Tom Potter</b></p> <p style="text-align: center;"><b>Office of Management and Finance</b></p>	
<p><b>1410</b> Amend Code to reflect current structure and operations in the Office of Management and Finance (Ordinance; replace Code Chapter 3.15 and amend Chapters 5.04 and 5.20)</p>	<p><b>RESCHEDULED TO DECEMBER 12, 2007 AT 9:30 AM</b></p>
<p style="text-align: center;"><b>Office of Management and Finance – Human Resources</b></p>	
<p><b>1411</b> Authorize changes to the Human Resources Administrative Rules and to the definition of classifications exempt from the classified service to implement Charter reform approved by the voters on May 15, 2007 (Ordinance)</p>	<p><b>PASSED TO SECOND READING DECEMBER 5, 2007 AT 9:30 AM</b></p>
<p style="text-align: center;"><b>Office of Management and Finance – Purchases</b></p>	
<p><b>1412</b> Modify the Professional, Technical and Expert policy documents to address Minority, Women and Emerging Small Business subcontractor concerns and to require public notice of the City intent to execute sole source PTE contracts (Resolution)</p>	<p><b>CONTINUED TO DECEMBER 5, 2007 AT 9:30 AM</b></p>
<p><b>1413</b> Extend procurement card contract with Bank of America for one year (Second Reading Agenda 1389; amend Contract No. 40767)</p> <p>(Y-3)</p>	<p><b>181439</b></p>

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<b>Commissioner Sam Adams</b>	
<p><b>1414</b> Extend moratorium on development within commercial and industrial zones on Hayden Island (Second Reading Agenda 1390; amend Ordinance No. 180475)  (Y-3)</p>	<b>181440</b>
<b>Office of Transportation</b>	
<p><b>*1415</b> Authorize Intergovernmental Agreement with the Washington State Department of Transportation for the Columbia River Crossing Project (Ordinance)  CONTINUED TO NOVEMBER 29, 2007 AT 2:00 PM  (Y-4)</p>	<b>181451</b>
<p><b>1416</b> Authorize an Intergovernmental Agreement with the Tri-County Metropolitan Transportation District to provide for enhanced security and cleaning during construction of light rail facilities on 5th and 6th Avenues for calendar year 2008 (Ordinance)</p>	<b>PASSED TO SECOND READING DECEMBER 5, 2007 AT 9:30 AM</b>
<p><b>1417</b> Authorize a major encroachment to bSide6, LLC to install, use and maintain building improvements in the airspace over a portion of the E Burnside St right-of-way at SW corner of SE 6th Ave and E Burnside St (Second Reading Agenda 1391)  (Y-3)</p>	<b>181441</b>
<p><b>1418</b> Authorize lease agreement with bSide6, LLC in the amount of \$1.00 per year to construct, use and maintain building improvements in the airspace over a portion of the E Burnside St right-of-way (Second Reading Agenda 1392)  (Y-3)</p>	<b>181442</b>
<b>Commissioner Dan Saltzman</b>	
<b>Parks and Recreation</b>	
<p><b>*1419</b> Extend security services contract with Pioneer Courthouse Square, Inc. and authorize payment of associated fees (Ordinance; amend Contract No. 34525)  CONTINUED TO NOVEMBER 29, 2007 AT 2:00 PM  (Y-4)</p>	<b>181452</b>
<b>City Auditor Gary Blackmer</b>	
<p><b>1420</b> Assess property for sidewalk repair by Bureau of Maintenance (Hearing; Ordinance; Y1064)</p>	<b>PASSED TO SECOND READING DECEMBER 5, 2007 AT 9:30 AM</b>

At 11:25 a.m., Council recessed.

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**WEDNESDAY, 2:00 PM, NOVEMBER 28, 2007**

**DUE TO LACK OF AN AGENDA  
THERE WAS NO MEETING**

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 29TH DAY OF NOVEMBER, 2007 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Potter, Presiding; Commissioners Adams, Leonard and Sten, 4.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Linly Rees, Deputy City Attorney; and Ron Willis, Sergeant at Arms.

On a Y-4 roll call, the Consent Agenda was adopted.

<p><b>1421 TIME CERTAIN: 2:00 PM</b> – Terminate Transit Oriented Development and Multiple-Unit Housing limited tax abatements for certain properties no longer eligible for the program (Resolution introduced by Mayor Potter)</p> <p><b>Motion to add new language, BE IT FURTHER RESOLVED that noncompliance will be deemed to have occurred as of the date of this resolution; also, delete three properties from Exhibit A; Property Account R168098 (Robertson), R168119 (Wells), R502256 (McCarthy):</b> Moved by Commissioner Sten and seconded by Commissioner Leonard. (Y-4)</p> <p>(Y-4)</p>	<p><b>Disposition:</b></p> <p><b>36555</b> AS AMENDED</p>
<p><b>S-1422</b> Grant and terminate Single Family New Construction limited tax abatements for certain ineligible properties (Resolution introduced by Mayor Potter)</p> <p><b>Motion to accept Substitute Resolution:</b> Moved by Commissioner Sten and seconded by Commissioner Leonard. (Y-4)</p> <p>(Y-4)</p>	<p>SUBSTITUTE <b>36556</b></p>
<p><b>1423 TIME CERTAIN: 2:45 PM</b> – Adopt the Small Business Bill of Rights as a resource and tool to support, promote and improve the small business climate in Portland (Resolution introduced by Mayor Potter and Commissioners Adams, Leonard, Saltzman and Sten)</p> <p>(Y-4)</p>	<p><b>36557</b></p>
<p><b>1424 TIME CERTAIN: 3:45 PM</b> – Accept State of the River Report 2006-2007 (Report introduced by Mayor Potter)</p>	<p><b>RESCHEDULED TO DECEMBER 5, 2007 AT 2:45 PM TIME CERTAIN</b></p>

At 3:57 p.m., Council adjourned.

GARY BLACKMER  
Auditor of the City of Portland

By Karla Moore-Love  
Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption File.

**November 28, 2007**  
**Closed Caption File of Portland City Council Meeting**

This file was produced through the closed captioning process for the televised City Council broadcast.

Key: \*\*\*\*\* means unidentified speaker.

[the following text is the byproduct of the closed captioning of this program. The text has not been proofread and should not be considered a final transcript.]

**NOVEMBER 28, 2007      9:30 AM**

**Potter:** Today we have two students from roosevelt high school with us, kamal sing and cody palmer. Could you folks come up? A few weeks ago, I had the privilege of serving as principal for a day at roosevelt high school. I was just flat-out flabbergasted by the changes that are happening at roosevelt under the leadership of the principal and faculty and having tremendous students such as these two. Roosevelt is really pushing ahead not only in academics but just creating more opportunities for these young people to be successful. So, kamal, why don't you go ahead and start out. If you could just each of you tell us a little bit about the schools at roosevelt, the schools within the school?

\*\*\*\*\*: Well, there is three --

\*\*\*\*\*: Tell us your name.

**Komal Singh:** kamal sing. The three schools at roosevelt high, which are power academy, a.c.t., and sasa. Pursuit of women's education at wrote version, arts communication and technology, and sase stands for spanish english international school.

**Potter:** Good. And what would you like us to know besides that?

\*\*\*\*\*: I was going to start off.

\*\*\*\*\*: Good morning, mayor Potter and council members.

\*\*\*\*\*: Thank you for the opportunity to tell a small part of the roosevelt high school story.

**Singh:** My name is kamal sing. I'm a sophomore at roosevelt. I'm attending power academy, which stands for pursuit of women's education at roosevelt. Right now, I have an interest in pursuing a career as a teacher or a pediatrician. I love kids.

**Cody Palmer:** My name is cody palmer. I'm a sophomore in the roosevelt power academy. When I grow up, I plan to be taller.

\*\*\*\*\*: [laughter]

**Sten:** Don't count on it. [laughter] but don't let it hold you back either.

\*\*\*\*\*: [laughter]

**Palmer:** I'm also interested in aeronautics. I've worked with my friend, kamal, as a part of the leadership team at roosevelt and enjoy basketball and football and girls.

**Singh:** Together we're quite the pair. We're only the snapshot of the diverse, enthusiastic community at roosevelt.

**Palmer:** We encourage each of you to spend a day at our school, like our principal for a day, mayor Potter, recently did, to get the complete picture of roosevelt high school.

**Singh:** We have mentioned only one of three small schools at roosevelt, the power academy. The schools were established three years ago with support of the gates foundation and the mayor memorial trust to bring a new level of quality and focus to the north Portland campus.

**Palmer:** Together, the three schools serve the most diverse student population in the city, including caucasian, african-american, and hispanic students as well as other nationalities such as east asian, pacific, and pacific islanders and asians.

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**Singh:** In addition to the ethnic diversity, roosevelt serves students from a wide range of social and economic backgrounds. North Portland is working class neighborhoods with many families from middle class backgrounds. We we have 80% of our families attending from families below the poverty level, and currently 134 students who are attending who are legally homeless.

**Palmer:** Roosevelt students are just as enthusiastic ambitious as any other -- ambitious at any other. Our attendance is up and enrollment is growing. Our student test scores are up. Our disciplinary incidents are down. We aspire to continue our education after graduating and going on to raise our families in Portland.

**Singh:** We are proud of the championships we have won, including most recently the artist cave men russell's peacemakers' award for a role in addressing students and families from the eugene area who chose to express their emotions at the 2007 state 5a basketball tournament in a series of racial slurs. Over the past seven months, we have spent hundreds of hours working with other small groups of teens to figure out how to move forward in a positive way.

**Palmer:** We hope to leave you with two messages today. One, we ask that the city council move forward on your that day to day challenges in the peaceful and thoughtful manner in the way we addressed our new friends in eugene and, if there is any opportunity to bring opportunities to our school, we hope you choose to do so.

**Singh:** Our doors are open for you to visit anytime. Come and see how roosevelt is coming to meet the needs of a growing part of Portland.

\*\*\*\*\*: Thank you again for your time this morning.

**Palmer:** Thank you. I had a question for cody. Cody, you said that you liked basketball, football, and girls. Is that in the order that you like them?

\*\*\*\*\*: [laughter]

**Palmer:** Well, that's --

**Potter:** I think you're blushing a little bit, cody. [laughter] anyway, well, thank you, folks, for being here. Could we just give these folks a hand?

\*\*\*\*\*: [applause]

**Potter:** And, rich, thank you for bringing the young people in today.

\*\*\*\*\*: Thanks.

**Potter:** Thank you very much. It's a great school. City council will come to order. Please call the roll.

\*\*\*\*\*: [roll call]

**Potter:** I'd like to remind folks that, prior to offering public testimony to city council, a lobbyist must declare which lobbying entity he or she is authorized to represent. Please read the first communication.

**Item 1396.**

**Potter:** Good morning. Thank you for being here. When you speak, would you please state your name for the record? And you have three minutes.

**Sarah Hobbs:** Thank you. My name is sarah hobbs, and i'd like to thank you for this opportunity to speak of my concerns on bike/motorist safety. The 2007 Portland bike count has shown that Portland has seen an increase for the third year of double digits. My concerns lie in the talking to many motorists I have only met one that knew bike laws, and she learned them after she was cited for right hooking a bicycle and causing a bike/car crash. I also am very concerned because i've heard so many drivers that the bike lanes being painted white like the street lanes have resulted in a lot of confusion. This confusion concerns me as a cyclist because, if they don't know where to go and i'm out there on a bike, this could put me at a great risk. I've talked also to people about the european bike box as an option to keep stylists safe at intersections, and i've gotten many blank stares from motorists and cyclists alike. This is a european measure not used here. And my concern there is that there is going to be a great need for education for the public on how to use



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them if they are installed. This said, I would like to say, though, in closing, though i'm a cyclist, i'm not anti-motorist. In my perspective, it doesn't matter if one drives or bikes. It's not one over the other. We need to remember we share the road and to be respectful of each other. Thank you.

**Potter:** Thank you very much. Please read the next communication.

**Item 1397.**

**Sonja Harju:** Good morning. I'd like to thank you for the opportunity of being here. This issue came that my attention because of a good friend I have that is a bicyclist. Coming from a very objective point of view and traveling the streets of Portland, i'd like to share two incidences that happened that were absolutely terrifying, and it only lends itself to better expanded education. My cohost and I were coming across the Broadway bridge. I was a passenger. There was a bicyclist. And we're all familiar with the Broadway bridge. There was a bicyclist that was parallel to the van. We were going west on Broadway. When we came to the end of the Broadway bridge to make that little hook to turn right, the bicyclist speeded up and shot directly in front of us across all those lanes. There are about six lanes there when you drop down into old town, et cetera. It terrified the driver, of course, and of course it presents an image this will soon not be forgotten. That experience followed a morning that I was on the 35 bus on my way to the studio. The bus driver -- I will never forget this. I took the first seat in the bus, and there are rules that I learned after the fact. We were at a stop. A young man in his mid 20s got off the bus, and I watched him go around in front of the bus. There were also three people getting on the bus. The bus driver was involved with these passengers. I saw the head of the bicyclist pop down like a jack-in-the-box and I wondered where he went. Next thing I see, the passengers are seated, the bus driver starts to proceed, and I see this head pop up like a jack-in-the-box. It was the bicyclist. And the bus driver just turned white because, had he proceeded, it would have been a tragedy. The issue was the bicyclist had not notified the driver that he was getting off. I shared this with a friend of mine who said the bicyclist must inform the bus driver when they're getting off so that they can deplane their bike. This did not happen. All this took place within roughly, from when the bicyclist got off, about 15, 20 seconds. But I have to wonder of course what would have happened had that bicyclist not popped up. He slammed his hand against the window, cussed out the bus driver, and the bus driver just turned sheet white. I'm telling you about this as an example of where we need better education, enforced education. Those two incidences affected one man. I'm sure the bus driver will never forget. The individual driving the van when we were crossing the bridge, it terrified him and it terrified me that the cyclist was trying to make those few extra steps. My next issue is the fact that a bicycle is on our roads. When cars are on road, we have to test for our license, be licensed and insured, have lighting requirements, follow rules of the road. I think all bicyclists should have to be tested, learn the rules of the road as well as the motorists, but I think they should be licensed, insured. I realize that bicyclists are covered under homeowner insurance or renter's insurance and they can acquire personally ability insurance, but I think there is too much leeway for bicyclists, and I think that there needs to be vast expansion of education. And truly it is a sharing of the road, because it's never one way.

**Potter:** Your time is up.

**\*\*\*\*\*:** Thank you.

**Potter:** Thank you very much.

**Item 1398:**

**Potter:** Good morning. When you speak, please state your name your name for the record.

**Cheryl Ellis:** My name is Cheryl Ellis, and i'm here to talk to you about bicycle safety, and I don't have a driver's license. I take the bus or I ride in a vehicle. So you understand where i'm coming from. I've noticed some really, really crazy bicyclists, absolutely terrifying, taking risks. I've noticed drivers that don't respect other drivers. It really bothers me. One of the things I think should happen is that bicyclists should have to take a safety course on how to drive on the road --

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you know -- get serious about this, and there needs to be more about bicyclists in the driver's manual. I think there needs to be stronger fines for both motorists and bicyclists when an accident occurs and fines when both of them are not using safety rules. If they follow the safety rules, there wouldn't be accidents. And I think one of the things, when I was on the best friend time, there was a bicyclist in front of us, and the bus could only go 50 miles per hour because the bike was riding that slow, and this is on division where there is a bike lane. And he went about 15 blocks or more before he finally pulled over. It was about 122nd to about 145th and division, so that was a long time. So that's one of the things we need to address. If they're in front of a vehicle, they have to at least go the speed or stay in the bike lane. That's what they're supposed to do. But I also think that we need to become stricter with both bicyclists and cyclists so we don't have accidents. I would like to see -- I also think that safety rules should be taught by bicyclists who are very good bicyclists. That's who I think should be teaching it. Anyhow, I just and very concerned about bike safety.

**Potter:** Thank you.

**Ellis:** And also I think the main thing is saving human lives is what we should think about.

**Potter:** Thank you. We don't have a quorum for the consent agenda, so we will hear that tomorrow afternoon. Please read the 9:30 time certain.

**Item 1399.**

**Potter:** Idaho like to invite metro council robert liberty and gil kelly. Welcome to city council, councilor.

**\*\*\*\*\*:** Thank you.

**Gil Kelley:** Good morning, mayor, council. I guess i'll kick it off. Gil Kelley, director of planning. I was honored to be asked by council member liberty early last year to participate in one of three subcommittees that developed the recommendations that you'll hear in a moment from council member liberty. It really grew out of an initiative that he and councilor liberty initiated at the metro council to really involve a discussion amongst regional partners about how, as a region, we might capture some of the sudden increased value on properties that are brought into the urban growth boundary to help essentially preserve farmland that we know we want to preserve for a long time and to help with the financing of infrastructure inside of areas brought into the boundary and including infrastructure that serves the regional growth objectives even in urban areas like our own. I was asked to provide an urban perspective as part of our subcommittee on expenditures of the funds for infrastructure and was pleased to participate. I think it was a very healthy regional discussion. A little bit of a tough one, but we got through it and prepared, I think -- helped robert prepare a set of recommendations that really have importance for all three counties inside the metro area and for ourselves as we approach our Portland plan. I think some of these concepts are applicable here. Not that we would engage necessarily in a tax outside of the tax being proposed here but essentially how we might look at directing infrastructure funding for our centers and main streets and how we might at the same time preserve lands inside our own city for conservation purposes as well as farm lands outside the u.g.b. With that brief intro, i'd like to introduce council member robert liberty.

**Robert Liberty:** Thank you and good morning. I want to thank chris dearth. It took three months to schedule this meeting. I hope he's not disappointed, let alone you, after all that effort. Right now, in the context for this, there's no council endorsement or action on the proposal at this time, although as i'll mention at the end of the presentation, it's something we're looking at as part of our greatest places project, a new approach to planning for growth of the region. The context is that we've had -- these of urban growth boundary expansions from 2001 and 2005. We did get some money through an excise -- construction excise tax that postdated this recommendation, but it remains a big issue about how we fund for just the planning part for future expansions. There isn't money to fund expansion area infrastructure, waters, sewers, schools, parks, so on. For example, in

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the north bethany area, an expansion area from the late '90s, the cost for their road network on 800 acres both in and access to it is \$200 million. There is no money to support that. You notice this article last year on pleasant valley home buildings. City of gresham finds a big gap. Subsequently, there's been discussion by taxpayers saying, why should I have higher taxes to pay for infrastructure for a high-income housing development? That was in the southeast portion of the region. The Washington county commission said, well, there's no rush to develop these areas even though they were brought into the boundary of course for that purpose. Now this project i'm going to describe does fit into several of these elements of our new look, our greatest places project. Fiscal tools to promote growth in centers, quarters, cultural reserves, growth boundary expansion. That's a mouthful, but instead of just the politics of numbers around expansion, something that's much more nuance, all these things have aspects addressed by this proposal. So the basic concept behind this is that, when the urban growth boundary is expanded, land brought inside the boundary goes up dramatically usually a couple years before in anticipation and thereafter. 200%, 300%, 400%, 500%. That is a windfall added value created by government. Could we use those proceeds to address regional needs? The revenue source is a fee investigator assessment on this u.g.b. Expansion related windfalls or givings. So the metro council in 2002 endorsed this idea at the last round of urban growth boundary expansions. There's been substantial expansions over time and therefore substantial windfalls. The determination of the fee, the amount of revenue that might be generated by this is pretty simple. It's what's the gain in the land value? What's the fee rate? And how much land is added to the boundary? Last night during council work session, I heard that our data resource center is still assuming 40,000 acres of expansion over the next 25 or 30 years. Numbers in here are a little lower. The back of the envelope revenue range is from 120 million to 1.56 billion depending on the amount of the fee and the range and so on. This assumes only 10 to 20,000 acres. It's going to be double that number. You'll see more about the mechanics, the fee. The fee mechanism subcommittee members included people from the real estate business, town lohrs -- city councilors, home builder, jack hoffman, and steve kafoury, tomlin harris from the Multnomah county tax supervising conservation commission. We did this pretty fast, and I thought it was very productive. What we concluded was that the fee should be based only on this idea of a windfall, not other things. There are other ways of approaching this. It should only apply in the future. That's very important. And it shouldn't apply to increases in value that you attribute to investment and infrastructure funded for it, 'cause that seemed like double counting. The fee should not be due at the time of the urban growth boundary is moved. You don't want to have a tax bill to force you to liquidate something else in order to pay the bill. Instead it should be triggered by something the landowner chooses to do himself or herself. That is, as we'll see, develop. The amount of the fee should be known as early as possible. Why? Well, essentially what's going to happen in this, as i'm sure you all appreciate, is that the land price, the land value will be reduced by the anticipated tax. So instead of getting a 400% increase or profit, you might get a 360% or 320% increase, because the person buying the property develops it. Most landowners are not going to be the developers. That would be pretty unusual actually. They're going to take that out in developing their pro forma, so the price will be dropped. We want that to be known beforehand. There should be flexibility in the timing of the form of the payment, again to make it easy to carry out. How would you calculate the increases in value? Well, we actually do require annual determinations of market value. We've forgotten that. It's still required in measure 47 and 50. You take january 1st the calendar year five years before the expansion and then january 1st three years after the plan. Could be eight or 10 years. That's how you measure the increase in value. And i'm not going to go through all this. Metro would need to develop a model that's open and apparent about how this fee would be calculated and anticipated so that people could plan for it. Or features, the windfall fee, which are really policy questions, are that each expansion would generate its own dedicated fund for planning investments. The idea is that this land was the source of the money. It should be

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reinvested in that same land for planning and for infrastructure. The other thing that does of course is it reenances the value of the property again. The landowner, at some point there will be a fee assessed, and they know some of that value comes back to them because it's providing funding for infrastructure that wouldn't be there otherwise. The trigger for the payment should be receipt of land use approval for development. That will trigger the landowner controls. So the fee becomes due at the time the land's brought into the boundary. That obligation is due, and we have some idea of about what it is but it's not precise. We know that fee will be assessed at the time it's collected, really toward the end of the development process, so it's built in like other fees. And there should be incentives for early payments and opportunities to defer payments subject to interest charges, again going to flexibility. I'll just say that metro is a home rule of government and actually has the authority to do this. We would require voter approval. It's not a property tax, capital gains tax. It's within the taxing authority of any government that has general taxing authority. Metro's case, actually we have income taxing authority, a frightening thought, but it's limited. And then of course property taxes subject to various limitations. This doesn't fit any of those descriptions, I believe. What would the money be used for? Well, we had two basic categories, urban and rural. In urban, the existing communities or the expansion areas. Rural, farmland protection. And then measure 37 and still its application in measure 49. Here the people participated in this part of the discussion in new and existing neighborhoods. And there you are, gil. And spectrum of people including representatives from the development industry. So the recommended actions were to pay for 80% of the concept planning and related capital improvement plans. The committee decided that everyone had to have skin in the game and that we didn't want to have just a grant, so local government would have to put up some share. Half of the detailed planning, comprehensive planning, and related capital improvements program. And then pay for a share of the infrastructure and expansion areas. Why not all of it? Well, this can't generate enough money to do that. But the point was that it could be used for any spectrum of infrastructure, not limited to what's described in the statute for development charges for libraries, parks, schools, roads, sewers, water lines. And a share of newer replacement infrastructure in existing communities. What does that mean? Previously settled areas. So some of the money would go to implement our plan for the region, including development, redevelopment in existing communities. And then this is not an issue I think the city of Portland faces, but this is a big issue regionally which is there isn't agreement on who's going to provide the services, and it's very awkward. We have urban growth boundary expansions, and people are wondering who's holding the bag. In the city of damascus, they have that responsibility. In other areas, it's not agreed. Washington county, of course there's multiple service providers. The commit said, wait a minute. We want this sorted out before any money flows. And then tax credits for afford table housing. This seemed again a logical part of this effort, which is we're trying. It's difficult to find funding sources. The tax credit could be very attractive. It could be fulfilled either by actual construction of housing or payment into a fund. And you can calibrate that so it's worth more than the tax that would be otherwise obligated. The landowner would be obligated to pay. People felt that they wanted -- this is a case where affordable housing wouldn't necessarily go into the expansion area but rather go into places where it's needed according to regional approach. Farm land protection subcommittee members included andy dike, farmers, the mayor of lake oswego, martha schrader from clackamas county where I made a presentation yesterday, and geoff roach for public land. I do a fair amount of speaking about what we've accomplished in Oregon. You will you have to do is go up in a plane and look at clark county. Now, vancouver has an urban growth boundary and they have farm land protection, but they had very substantial development outside the urban growth boundary, and a lot of that farm land is now hobby farms, and this is documented by the site line institute. Making the boundary work has to do with keeping the area outside available for this economic activity -- rural economic activity -- farming. Farm use areas, it's been documented by a couple studies, and this balances the

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provisions of urban reserves areas for future expansion with farm land protection. Those all seem kind of logical reasons why some of the money should be used for this purpose. The basic mechanism would be something that we have not emphasized in Oregon but other states use, which is purchase a conservation easement or purchase of development rights. And the members staff committee said, we're not actually interested in setting up a transferable development rights scheme. We want the rights extinguished except under extraordinary circumstances. So what would happen would be, as is done with the acquisition program now regionally, is you'd ask people would you be willing to sell your development right? Here's a question after measure 49. What are you selling? Well, you may have an entitlement to a few houses under measure 49. That's worth something. But essentially this is an insurance policy against the legislature and the ballot box. So if people have some unknown possibility the law might change in the future, it means the rights in a lot of these cases won't be worth huge amounts of money, but they can be very important to the farmers as a way of funding retirement, so it's purely voluntary. Not transferable to new owners. Restriction's only lifted when land is brought inside the boundary. The idea is to not buy land in the path of urban growth boundary expansion, which is the point of this slide. And then some more details about how this would be done not based on the map, which I don't need to explain here, and the payment of valid measure 37 claims of course no longer have to be part of this proposal, but measure 49 claims. Metro could hold the development rights or seek a partnership with a nonprofit. Tax benefits and administering the programs, there's advantages to having a nonprofit do it. And we would have to spend some money administering it. Finally we talked with a regional fairness fund, which is to take a little bit of the sharp edges off reductions in value or potential reductions in value in connection with changes in zoning, although that actually is also addressed in measure 49. So this could be combined with measure 49's clustering provisions to have a much more effective protection of the countryside than we have even now. Skip over that. The subcommittee members were asked how the money should be spent. This is not an opinion poll, just people on the committee, and the committee was created to have a certain perspective to help us develop the proposal so we couldn't make it too seriously. Money to be spent on expansion areas, that is struck, 55%. The committee thought 55% should go to that. 10% should go to spreading the money on urban protection areas. It's just a spectrum of opinion of how it should be used. Subcommittee members said, yes, metro council should proceed by a vote of 9-2, three not voting, two maybe. Opinion research was done by more information in the poll, and it's a lot of information just in the polling data. It indicated support for the concepts behind the windfall fee and uses of the funds, some uncertainty 'cause it's a new idea. It was described as a tax, and that making it difficult to sell, but certainly activity is possible. Highest priority was to building schools and infrastructure and support for protecting farm land. People were comfortable with the idea that profits from development, including the increase in land value, would be appropriate source for the revenue. The council authorized further study, said we would like to integrate this in our work plan. It would have to be before the next ground of urban growth boundary expansions, which would be in two years. When I met with the clackamas county yesterday, they were quite interested, asked their staff to pursue this. Clackamas county, Washington county, Multnomah county can do this on their own. I think it's better as a regional approach, but I don't think it has to be a regional approach. What about city of Portland? Well, you have some expansion areas, some that are problematic, so you could apply it within your boundary. The same idea can be applied to rezonings that create a windfall in an existing urban area. I mentioned to gil that our land use model shows that the demand to live in the central city is very substantial. In the next 25 years, that would be 30,000 to 60,000 new residences. 30,000 to 60,000. Now, as I recall, our land use model doesn't look at zoning, assumes zoning will adapt. I think that's largely the case that zoning will adapt to demand. So you have a lot of opportunity, I think, in the city of Portland. You could use this to accelerate development in regional town centers, a place like gateway which our model also

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shows that there is significant job growth and could have very substantial housing growth if some amenities were increased. We don't know how much but thousands of additional homes. And of course you have a representative on the rule making committee for urban and rural reserves, and this is a way integrating some of these ideas into rural reserves planning. So that was a lot kind of fast. We wanted to share the idea with you, encourage you to examine it and see how it could be adapted to the circumstances in the city of Portland.

**Potter:** Thank you. Questions from commissioners?

**Leonard:** I did have one. I think this is a great idea. I appreciate the work on it. It demonstrates why metro is such an important agency for our region. We actually do have an example that's percolating up in this right now with the discussion centering around west hayden island. And west hayden island is owned by the port, as you may know, and they're considering doing what needs to be done to bring it into the city. It's not currently in the city and not currently in the urban growth boundary, as I understand. Given that it's owned by a government entity, would these same kinds of fees apply to them as well if they did the workout there that they discussed? Which of course would take a lot of resources on our part to help. Could we look forward to having some relief with this in that example?

**Liberty:** That's the first time I've been asked that kind of question. That's a sort of policy call. It's a little hard to -- I don't know the circumstances under which the port owns the property and whether they're entitled as a government entity to make a profit on the sale, so I can't answer that question.

**Leonard:** Yeah. Probably not. I mean, I hadn't thought about that. Probably not, but --

**Kelley:** I think the concept, roughly speaking, though, may have some utility for our discussions with the port in the planning work that we're doing in the sense that I don't know that they intend on selling the property, but it's clearly going to need some services and some infrastructure. So what portion of those costs falls on them versus the Portland taxpayers will be an important part of that discussion.

**Leonard:** Is that worth exploring in trying to see if we could write some language into this? Are there other examples like that where this would come into play?

**Kelley:** Well, looking prospectively -- and this would apply in the future expansions -- this is certainly a looming question about the west slope in Portland, and those are now outside the urban growth boundary and outside the city of Portland, so there's a potential there.

**Leonard:** But that's all privately owned, isn't it?

**Kelley:** Correct.

**Leonard:** So that wouldn't be exactly like this.

**Kelley:** No. It would be analogous to the bulk of what --

**Leonard:** I was just wondering if there were other public-owned properties outside of u.g.b. I don't think you'd want to write a whole set of rules for west hayden island, but there were other examples where that might apply --

**Liberty:** If the agency was going to dispose of the property if part was for development purposes, you could certainly write that. It might be a condition of the release right. That would be an easier approach, I would think.

**Leonard:** The port's not known for selling property. They do lease it to private concerns. And I know that part of their planned development would include leasing part of this property to the private sector. So, again, I just wanted to throw that out there. I'm thinking about that, because it's a real live thing that's happening right now. It would be nice to figure out --

**Kelley:** About the micro cosm of the issues, unfortunately we have one landowner there to negotiate with both in terms of the -- terms of the natural resource set aside, analogous to the farm land piece here, and on the infrastructure.

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**Leonard:** As you may know, they're actually discussing expanding leasing their docks, terminal six for an example. So it would seem to me that they're getting probably fair market value, the port, from the lease to private companies paying that. It would seem like we ought to be able to -- they're realizing the value of it in rents -- somehow have something built into there to help us with the planning.

**Liberty:** I think you can do that, but this really fits more the circumstance where the government action is creating the value in the private sector rather than government action is creating value on publicly owned property. You can use the lease terms to capture that. If you're asking where this could be used, I'd say? The city of Portland and not the edge. A lot of places in the future. The zoning in the pearl district, people didn't anticipate that there would be call -- at least there was until the econo market slowed down to go behind the height markets there. Our past regime in the state has been that, because we want more efficient growth, we don't want zoning limitations on it, just authorize as much as possible. I notice that again our neighbors to the north -- farther north, vancouver, british columbia, had a very different approach which is instead everything ends up being negotiated, not always the easiest way of doing business, but essentially, in exchange for increased development capacity, there is public benefits. And in the case of -- I think in the tour we were on, one office building in downtown vancouver is \$34 million of public improvements. Some of those go back to the property owners, reinforce their value. So an intermediate approach would say, no, we're going to allow these changes but we're going to have a structure to the way this happens and there will be an assessment, and that helps pay for both community assets and investments in order to make the area work. That could be something that's adopted for the city and tailored in a way to kind of encourage development you want. That's an urban application, same idea.

**Sten:** No question. I just think this is really important work, councilor, and want to thank you for it. My brain's going on things we can do inside the city, but I hope -- it could be that you want us to oppose it to build support.

\*\*\*\*\*: [laughter]

**Sten:** In which case we will maybe do that. I think anything we can do to kind of get this concept moving, 'cause I think this is at the heart of whether this region can kind of get to where it needs to go with the population growth. I mean, people are coming, and I think it's going to look relatively easy went years from now. Without some funding mechanisms -- and robert and I have been banging our heads up against the real estate transfer tax for 10 years now and some of the ideas that are similar to this. We've got to find ways to reinvest a little bit of the value that we're creating by building a livable community back into the community. I think this is very solid thinking, and I think the city of Portland ought to figure out how to help you even if that means being quiet.

**Liberty:** Well, I mean, you do have expansion area. I mean, there's other issues about funding the infrastructure.

**Sten:** Yeah.

**Liberty:** To apply it there as a test would certainly be helpful. I think maybe -- I was joking that, since clackamas county seemed quite interested in it, that might be enough to get the council more interested in the it.

**Sten:** You think moving on some stand-alone projects would get the whole -- people don't want to see a patchwork strategy.

**Liberty:** Yes. I think that's true.

**Sten:** Why don't you bring us back a proposal.

\*\*\*\*\*: [laughter]

**Kelley:** The other venue here is that I have been asked to sit on the urban rural reserves committee, so that is the one that will be essentially designating lands for future expansion, and this concept seems to me to be integral to that discussion, so we have a seat at the table there as well. And we

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will be thinking about a narrower application inside the city as part of our Portland plan. We'll have to discuss that discussion.

**Sten:** I'm not saying you have the votes for inclusionary zoning in the reserves, but that's a strategy which I think is much less beneficial to the community than this approach, saying we're going to sprawl out, not have any affordable housing, jobs balance, whatever or you say we're going to acquire affordable housing. Even acquiring true affordability is tough because the inclusionary zoning doesn't get all that deep in places it's used. Or we're going to balance giving value with giving some funds back, and it's not taking -- it's a little bit like tax increment. A tax on no additional value creates nothing. Since metro will decide who gets the value -- and to some extent, I think you'll also decide not the exact value. The market will decide that. But the incline of the increase in value is directly dependent upon how much land you bring in. And so you have within the parameters of state law in meeting the forecast an enormous amount of discretion. If you bring in more, it's worthless. And so, if you bring in less, those property owners, I think, even have less of an argument that you're not creating way more than the windfall tax is taking or is reinvesting. And then I also think that I would certainly love to see 100% of the funds go to a region wide affordable housing strategy, but I think that at least at this point the proposed uses tied to farm lands -- tied to farm lands are very useful.

**Liberty:** If I may, commissioner Sten, yesterday the council heard as a group the first report on our housing need analysis, which is using a completely different model. We have 400 housing categories or markets that we look at that we combine. 400. And the model, unlike the other housing needs assessment, actually has a market needs assessment. This is on the market side of course, which only goes so far. We end up with eight kind of categories of homes. One of the things you see, no surprise, is that renters are pinched and lower-income families, people with children and households with children, only about a third of the household stock. But the model also shows it on the ground, so we already know what's happening which is relocation of homes to the central part of Multnomah county and losing access to homes near the center where the schools are sound, where there's access to service and jobs. So if you combine that research with this and say we've got two strategies -- pardon me for walking out in public, but we do this all the time at metro.

**Leonard:** We do that here, too.

**Liberty:** Inclusionary zoning strategy, which is difficult and awkward, generate as modest amount or this kind of strategy, and I think you put that well. What it means for Portland, though, is if Portland is participating in a regional strategy, that's different than this tool being used in one county just to generate infrastructure at the edge, which is what I am concerned about happening 'cause there aren't other sources of money.

**Sten:** Right.

**Liberty:** And that bears a relationship to what happens in the city of Portland obviously. I guess I'd rather have it adopted, 'cause I think it's got a lot of good elements to it and addresses some practical problems. I think it would be better, as part after regional approach. Short of that, I think places new he had to try it and show what it can deliver.

**Potter:** Further questions?

**Liberty:** So I think gil, on the urban and rural reserves, that might be worth pursuing.

**Kelley:** Yeah. Given nods from the council, I'll take that into part of my arsenal when we -- that committee will be convened in January, I believe. The rule making at the state level is occurring now. That's expected to be finished in January, and then metro councilor Harrington will be convening the rural reserves as part of the greatest places project, so I'll be participating in that over the next year.

**Liberty:** I guess one other point I have to say, because my newsletter is coming out Thursday. I know you all wait for it.



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\*\*\*\*\*: [laughter]

**Leonard:** I thought it was today.

**Liberty:** My column, I think it's called the 345, and in all the urban growth boundary expansion areas, it's 20,441 acres since 2000, there has been permits for 138 houses. So we're not growing out. So one response to this is to say, well, how important is it? Well, if we grow up, we don't need the infrastructure at the edge, so that's fine, but the tool is scaled to the significant cans of the growth, which is the point. We don't grow out, we don't need it. If we do, we're going to have to have something. That was the best part of the newsletter, and now you don't have to read the rest of it.

\*\*\*\*\*: [laughter]

**Liberty:** Thank you very much for your time.

**Leonard:** Thank you. Very interesting.

**Potter:** Is there a sign-up sheet for this?

**Moore:** Clerk: No one signed up.

**Potter:** Anyone here who wishes to testify to this matter? This is a report. I need a motion and a second.

**Leonard:** So moved.

**Sten:** Seconded.

**Potter:** Please call the vote.

**Leonard:** I really appreciate this work, robert. This is very thoughtful and thought provoking work and very important. Not sexy or glamorous, but it's what makes the system work, so I really appreciate the work. Aye.

**Sten:** Thanks again. Aye.

**Potter:** And I equally appreciate it. This is the first i've heard of any effort to try to deal with this urban growth boundary issue in terms of how we develop outside, and I talked to damascus mayor, and they're obviously very distraught about how they're going to proceed with trying to provide the proper infrastructure to the anticipated growth there, so this is a mechanism, I think, that can be very useful, and I appreciate the work of metro and folk whose participated in that. I vote aye. Thank you. Please read the 10:00 a.m. Time certain. Auditor blackmer?

**Item 1400.**

**Gary Blackmer:** Every year, we go through an extensive recruitment process to make sure that we have a group of high quality citizens who participate in the citizen review committee. These are two-year appointments, and committee members are allowed to reapply if they're willing to keep doing the hard work that we ask them to do. And we are pleased to have an excellent group that has -- that i'd like to nominate to council to appoint. We have two new members that i'd like to invite up at this time and introduce to you, and then we have three returning members. And then there are several of our continuing c.r.c. members in the audience i'll introduce from their seats. Joann jackson and mark johnson. Joann jackson was a board member of the Oregon association of mediation for six years as well as a 10-year member of the association of conflict resolution. She has a business degree -- she has a degree in business management and a master's degree in business administration, has been a diversity trainer for the city of Portland employees. She's been a manager and regional donor resources director for the american red cross blood services in Portland from 1994 to 2006, and she's a long-time resident of Portland living in northeast. And also mark johnson is a graduate of reed college and the bolt hall school of law at the university of california berkeley. Mr. Johnson is a former president of the Oregon state bar and a past chair of Oregon state professional responsibility board. He currently serves on the american bar association's standing committee on professional discipline. Mr. Johnson has a long record of state and national service to the bar as well as to the gay and lesbian community. He lives and works in southeast Portland where he practices in the areas of appellate litigation, family law, and professional ethics. And we

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have three returning c.r.c. members, Josephine Cooper, a graduate student in conflict resolution at the program at Portland State University and will receive her master's degree this December. She's a volunteer mediator in the victim/offender mediation program for juvenile offenders in Clackamas County, and she's worked in the public and private housing industries, particularly in programs for persons with special needs. She has a certificate in biomedical ethics with a focus on public policy on mental health and chemical dependency. She's a member of the American Society of Bioethics and Humanities where she presented a paper at the national convention in Washington, D.C., in 2005. She lives in southwest Portland and has served on the c.r.c. since 2006. Loren Erickson retired after 25 years of service as a Portland firefighter and continues to make the commitment to volunteer his time and resources to help the Portland community. He is also a member of the Portland Police Bureau's Use of Force Board and the Performance Review Board, and he serves on the early intervention system advisory committee. Mr. Erickson lives in southeast Portland and has served on the c.r.c. since 2003. And Hank Miggins has been the chair of the c.r.c. for several terms now, and he's been a great asset for all of us. He brings a widely diverse background. He was a former city manager for the city of Spokane and is currently a mortgage broker. He has held positions in Multnomah County as the animal control director, deputy county assessor. He's a member and sits on the board of directors for the American Civil Liberties Union and the Center for Airway Science. He's a former member of the Oregon Assembly for Black Affairs, "Project Pooch," which is a rehabilitation program pairing dogs with incarcerated youth, and the mainstream youth program. He lives in southwest Portland and has served on the c.r.c. since 2001. We're very pleased to have these new nominees. I know in the audience we also have Robert Maleznik and perhaps Louelle Robinson. Michael Biggem and Sherels Owens, I don't know if they're here, but I saw several others of our members working away here on various tasks. With that, I'd like to nominate these five. They would be serving until December 31, 2009. And if you have any questions of them, please feel free. I'll make my seat available to any of the continuing members you'd like to talk to also.

**Potter:** Questions from the commissioners? You did a very good job.

**Leonard:** Would the new appointees like to add anything or make any observations?

**Mark Johnson:** No. Thank you. I have nothing to add.

**Leonard:** Very wise.

**\*\*\*\*\*:** [laughter]

**JoAnn Jackson:** Well, I have been a long-time resident of Portland, born, raised, and educated here, and it's time to get involved in a voluntary -- voluntary capacity, so I'm happy to do this.

**Leonard:** Great. Thank you.

**Potter:** Is there a sign-up sheet?

**Moore:** We do. We have three people signed up. Just the two.

**Potter:** When you speak, please state your name for the record for the record. You each have three minutes.

**Dan Handelman:** Good morning, Mayor and Commissioners. I'm Dan Handelman. I'm with the group Portland Cop Watch. Every time there's nominees that the Citizen Review Committee I haven't met, I tell them I have nothing against them personally. I haven't met these folks yet, but I just need to put in a few words about what I've seen from reading the applications and from what I see of the process. And I know that I don't have to tell you all this, because I know you read these applications 'cause that's your duty as City Council according to the ordinance. By reading this, what I've found is apparently, even though neither of these people specifically has a background in public safety -- neither of the new people, that is. We'll still have a majority of people on the Citizen Review Committee with some sort of public safety background, and I think we've raised that concern before. Not that there's negligence anything wrong with that, but it's just a public-perception issue. In terms of reading the applications of the new nominees, Mr. Johnson defined the Citizen Review

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committee as being there to provide citizen accountability to the police bureau's internal affairs division, which is actually an interesting perception of what the c.r.c. does is they do oversee the internal affairs division as opposed to bringing accountability to the bureau itself. In ms. Jackson's application, it doesn't really use the word police or accountability. I guess she's from a mediation background, and I can see positive influence in the community for us having the mediation program now, but i'm not quite sure that that's necessarily a good way for the review board to be headed. Also ms. Jackson's question about whether she has any friends or family who are in public safety, her number one reference is mary force, runs mediation consulting firm -- consulting firm that ms. Jackson is affiliated with, and ms. Force is a former police officer, so i'm not sure if that serves as a conflict or not. All of you are aware that marcella red thunder was on the board, then off and on again, and she was not renewed this time. She did apply, I understand, to be back on the board again. I'm trying to figure out what the reason might be for that. There used to be two native-american women on this board two years ago. Now there are none. Also no latinos on the board and there haven't been for the last three years. And of the possible reasons that were given, among them that ms. Red thunder has missed meetings. Mr. Mig gins, the chair, has missed a few of the subcommittee meetings. Those of us who come to the meetings and then they get canceled, that can become a problem. It's probably not attendance. Is it that she's not neutral enough. One member has voted every single time to support the police bureau side. You have a chance to make this window into the police bureau a little more open. A lot of types it feels like the staff and the c.r.c. are standing in the shutters of that window and the public can't see in. So when the consultant's report comes out this january, I hope you'll make this a more open process.

**Potter:** I thought you said you were concerned about the c.r.c. moving towards mediation.

**Handelman:** Yes.

**Potter:** And yet everything i've read in terms of surveys in terms of both citizens who have complained as well as police officers, that seems to get the highest amount of positive reactions. What's your problem with that?

**Handelman:** It's not a problem with mediation program. In fact we are part of the reason that Portland has a mediation program. We appreciate the mediation program. I think the citizen review committee has a different function. They hear appeals of misconduct complaints after investigations already happen. When people file the complaint, they have two basically routes that they can take. One is to go to immediate 6, which is great. Sit down, talk to the officer person to person. As a peace group, we think that's great. Then the other option is to have an investigation done and have a judgment for that investigation. And if the citizen is not happy with that outcome, they get to file an appeal. And so the review committee is supposed to be hearing the different sides of that investigation in deciding whether the bureau did a good job and whether the outcome was proper pass. In that case, mediation, you've already skipped the possibility of mediation. There you need people who can sort of dig in and decide what and whether there should be a sustained finding and that kind of thing.

**Potter:** Thank you.

**Teresa Teater:** Good morning, mayor and commissioners. Teresa teater, downtown city advocate. I'm going to come at this from a different perspective, pretty close to dan's. I've sat in on quite a few of the review committee sessions, different venue parts of it, and i'm seeing that education part of the members, even though they have these diverse backgrounds, the actual hands-on to see how these people that are coming in front of them, their situation of what happened between them and the officer out on the streets, to actually put themselves in the situation, i'm suggesting you have these new committee members get on the max line on a late saturday night and observe police officers with the gentlemen running people off the max platforms who don't have proper honored citizen tickets 'cause they didn't understand the honor citizen ticket process during one of the meetings. I'm suggesting you get them down into chinatown and watch how the drug handling of

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the busts and all things go but not necessarily be there visually, be like the cops undercover so the cops don't know they're being watched so they can get the perspective from both sides. And so, when they're in these meetings with their backgrounds that they bring to the table, they can see what's going on in this town. 'Cause what they've learned in college and what you see in experience on the street -- you know -- don't mesh. You understand what I'm saying. What you have helps you understand, but you can't understand if you're only bringing half to the table of the ability to understand if you don't really see the picture as the picture has happened in the community. I've begged people to come and take their things to i.p.r. They feel i.p.r. Is part of the police station, don't believe it's going to be fair and impartial and that they're really going to be heard. I've tried over and over. We have listening sessions coming up on december 6th from the outside auditor to listen to these stories, and I don't know if anybody's even going to come. I just wanted to let you know my concerns on some of these issues. Thank you.

**Moore:** That's all who signed up.

**Potter:** Auditor, do you care to respond?

**Blackmer:** I intended to say it earlier when I was up here that the process for selection involves a committee that reviews the written applications and then they pare it down to another committee that do the interviews, members of the community, past or present c.r.c. Members, and one member of the i.p.r. So it's really the majority of the votes in all those cases are by far members of the community who make the decisions on who the applicants will be, and we look at all those applicants that come in each year and rank them and choose the very best. And in some cases, c.r.c. Members have reapplied and not been chosen. In other cases, they have. It's really very much driven by these two committees that are majority of citizens. In terms of training of c.r.c. Members, they all go through the citizens' academy, so they get an education about police practices, but they also go on ridealongs with police officers. We have speakers that come and talk to them about issues such as representatives of the aclu or the northwest constitutional rights center. So we do make a strong effort to make sure that the c.r.c. members are educated and exposed to all the variety of issues that they would be having to make considerations on. Thank you.

**Potter:** Call the vote.

**Leonard:** Well, recently mayor Potter asked me to do a ridealong with a specific police officer and, believe it or not, it was the first time I ever did a ridealong in my entire career, including public safety, with a police officer. I worked on the street with them quite a bit but never actually sat in a vehicle and talked as they did their job, and I spent the entire ten-hour shift with that recover, east precinct heard they'd done that, asked me to do the same thing. I did that about three weeks ago. Of course, when you're riding along with a police officer, they arrest people and they take them to jail. The folks at the jail saw I was with the officer, asked me to do aren't evening at the jail to spend it with them. I'm going there tonight at 3:00 till wheneverth shift is over. The points about on serving what the police do are really good ones, because I really thought I understood, given my background, better than most what police d and I realized I really didn't. It was really -- it wasn't just important for me to do my job. It also, just on a human level, made me understand better why they thought I already understood, and I didn't really appreciate some of the issues that they deal with. But when I had the opportunity to appoint a member, I appointed loren anderson, who's here in the crowd. As you heard, loren erickson was a 25-year firefighter. My last five years in the fire bureau, loren erickson was assigned to my crew. I was his lieutenant. I appointed him because I had personal experience that he was very comfortable challenging authority.

\*\*\*\*\*: [laughter]

**Leonard:** And did so on a quite regular basis and was very good at it. And so I would say to dan and others who are concerned about people who have public safety backgrounds, sometimes their the harshest critics of people in those professions are their colleagues as long as you're picking the right people, because they understand the nuances and some of the actual dynamics that occur day

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to day, and they don't necessarily buy some of the stories they hear back, and I know that's true with loren's service. He has been an outstanding member by all accounts on the c.r.c. And I would finally say that I just had my five-year anniversary here last Sunday and, in that five years, I've worked with Gary Blackmer a lot. Sometimes I've been on his good side and sometimes on his bad side. I've found, when I'm on Hillsboro's bad side, it's because I haven't crossed all my T's and dotted all my I's, and what I've learned about him is that he is exceedingly principled and exceedingly fair in applying those principles. He will apply the same rigorous tough set of principles to his enemies as he does to his friends. And because of that, I have just an innate sense that the c.r.c. Works well.

I don't believe Gary would allow a system to operate that didn't fairly handle citizen complaints, that didn't fairly screen out maybe complaints that were based in something other than truly concerns on the part of the police officer. And there are a lot of those that come through, too, and you have to have a filter system to know who's trying to use the system to even the score and who's using the system because they actually were dealt with unfairly. And to be honest, I think we have to acknowledge that that happens. That's all my way of saying it's a really tough job you guys have, and I understand better today, after following up on Mayor Potter's request to me, than I did a year ago. I heard stories riding around with the officers that literally made my head spin. Wow: That's some very unique challenges. You guys have to sort all that stuff out and find the truth and do the right thing. I don't envy your job. I mean, it's a very tough job. So I appreciate it. I appreciate the caliber of the appointees, appreciate the caliber of the staff that's assigned tight, and I have a better appreciation than I used to of the police bureau and its challenges, and I hope to even be better at it as my career goes on. So thank you all for serving, and I'm pleased to support you. Aye.

**Sten:** I just want to thank you for serving, even more the returning members 'cause you're going to keep going and welcome the new members. I also think Auditor Blackmer and the staff and team have done a very good job. This is a very tough piece of work, and I wish we had 15 cities in this country that were doing oversight of the police better than us so we could copy them, and unfortunately we don't. This is a topic that has been extraordinarily difficult in this entire country. And so I think we do have some things to work on, and I think Dan Handleman is very good at keeping our feet to the fire and pushing on issues, and I think he's got some clean points. Quite a few years ago, when we instituted this system to replace PIAC, which I think most people have forgotten by now, most blissfully on many of our parts, the question was do you go to a fully independent review with the ability to essentially do things independent of the police or do you work in this function? With oversight but also with cooperation, having the police do investigations.

After a lot of soul searching and against the recommendation of a pretty good committee, I supported this approach, and the reason is that I think that, over the course of a longer period of time, the primary strategy is to change the culture between the citizens and the police to one of working together. And I'm not pointing fingers at anyone but to say that hasn't always been the case and that the vast majority of the complaints involve things that were avoidable, and they may or may not have violated police procedure, which is ultimately what a yes or no answer decides. If you're just investigating an organization whose job then the then is to close ranks in their mimes, you very rarely get to how could this have been avoided. I've found often the primary question is why did this happen as opposed to did somebody frankly get a probably not meaningful mark on their record or not? That's a whole bunch of them. So I think the mediation approach matters. I think working in concert with the police matters. Then there are a small number of cases that are very, very serious and need citizens to come in and take a hard line, and I think you're capable of that, and I think, when those serious complaints come along -- and I don't mean to save the smaller things aren't serious. They're very serious to people. But they probably are not about ultimately serious consequences. They're about what happened out there on the street. But there are a small number of cases that are very critical, and I think we have a team that is able to take those on and hopefully will still working toward the larger cultural range. I know the mayor and auditor

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blackmer are after that. This is among if not the toughest the toughest volunteer time, and I admire you for wanting to do it. I would not. And thank you. Aye.

**Potter:** I want to thank the citizens who serve on this review commission. It's extremely important, at the heart of any democracy is that power is not unfettered on the part of government and that there must be controls in place that ensure that particularly people who carry firearms are doing so in the best interest of the community and with respect for the community and working with the community. So often, as it ends up on the street, it's two individuals, a police officer and a citizen. There's something that happens, and the citizen is dissatisfied. And one of the more promising avenues that I've seen in how this gets resolved is in mediation, is that when I read the internal audits of how the people who are complaining feel and how police officers feel is that both parties have a much higher degree of satisfaction with that particular process than any other process used to investigate police complaints. And so I hope in the future that we can expand on those kind of programs, because I believe that ultimately, for the police to be successful, they have to have the trust of the community. They have to be able to understand and relate to the community. And in fact they have to look like the community. In order to do those things, there has to be a clear understanding that police officers work for the community, that their job is to ensure that our communities are safe and well taken care of. So this function is so important to ensure all those things happen, and I talked to the auditor as this program was being put together a number of years ago, and we talked about the importance of not just overseeing the police but using it as a tool, as commissioner Sten indicated, to begin to change some of the cultural norms of the police and to ensure that community policing was part of that process so that it's understood that, in order to be effective, police officers have to have a partnership and relationship with the community that's based on mutual trust and respect. And you folks on the committee arrest very important element of all of that, and I want to express to you my sincere appreciation for what you do for our community and for our police bureau. So thank you. I vote aye. Please read the 10:15 time certain. Thanks for being here, folks.

**Item 1401.**

**Kimberly Schneider:** Good morning. Thank you, mayor Potter and commissioners. My name is kimberly schneider. I'm a senior policy director in commissioner Adams' office, who is out sick, as you know. So, in april of this year, you passed unanimously the reform to the business licensing fee which has produced substantial relief to 13,000 small businesses. During that hearing, this council, though, raised significant concerns about the tax treatment of venture capital funds. Today the revenue bureau will present a report answering these important questions, and you will be asked to vote to accept the venture capital fund review report. This report marks another step in the tax reform process to address inequities in the b.l.f. This reform is intended to foster a strong, sustainable Portland economy, one that supports small businesses and the family wage jobs they create. During testimony presented at the b.l.f. reform, you heard about the tax treatment that disadvantages venture capital funds. In short, venture capital funds in this city are taxed differently from mutual funds. Venture capital funds have a hard time staying in the city and county. In response to your request to reconsider this issue during the hearing, our office worked with the revenue bureau to create and convene a working group. The group was comprised of members from the venture capital industry, tax experts, and representatives from the city of Portland and Multnomah county. The group jointly designed a solution that would overcome the venture capital funds disadvantage without creating unintended consequences for the revenue bureau or other businesses. The work group determined that it was appropriate to treat venture capital mutual funds -- i'm sorry. Venture capital muse actual funds and all diversified funds alike under the business licensing fee and business income tax. The reform does not create a more favorable tax treatment for any particular type of fund or business. As a result of this administrative rule change, we believe Portland and Multnomah will be put on equal footing with the surrounding jurisdictions in

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terms of our ability to tax venture capital. Once the report is accepted with input from the working group, commissioner Adams' office will work with p.d.r. to benchmark and determine Portland's ability to attract and retain venture capital funds and investment in local business. So on behalf of commissioner Adams, we would like to acknowledge and to thank all of those who have been involved in this process for their hard work and collaborative efforts, especially those in the working group. Bill Newman, Robert Mackenny, Steve Christiansen, Neil Kimmenfield, Todd Gregory, Martin Madeiros, Hugh McEnroe, Bob Ward, Rick Hawkins, and Gordon Hoffman. We'd also like to thank Shane Abner from the city attorney's office, Brendan Finn and Colin Sears from commissioner Saltzman and p.d.c. commissioner Adams would also like to thank his colleagues on city council for their support and Multnomah county commissioner Josephine Cogan and Warren Fish from his office for their collaboration in the work group opened on this effort. Finally, we'd like to especially thank Terry Williams, Scott Carter and Sue of the revenue bureau for their diligence and hard work. Terry Williams will be introducing and summarizing the report.

**Terri Williams:** Good morning, mayor and commissioners. I'm Terri Williams, license and tax division manager for the revenue bureau. This area of taxation is complex, and so I'm going to do my very best to not get into the technical aspects and try to explain it very high level and simply.

**Leonard:** And I should tell you we have discussed it before, so I think we understand what the issue is. Sam's not here, so --

**Williams:** Ok. Then I hope that you'll pass this.

**Leonard:** As of right now, you have the vote.

**\*\*\*\*\*:** Thank you.

**Schneider:** So then can we -- we have a few people who are here to testify. Should we go ahead with that?

**Potter:** Please.

**Schneider:** I would like to call Colin Sears, Bob Ward, and Mark Madeiros.

**Colin Sears:** I'll start off, and I'll try to abbreviate my remarks. Thank you, mayor and commissioners, for hearing this ruling today. I'm here on behalf of Erin Flynn, our director of economic development, who had a conflict, and I'm an economic development manager at the Portland Development Commission, and I've worked at p.d.c. eight years in economic development. So I think this is a watershed moment around venture capital, just to start off. This ruling today will really make Portland more competitive economically, not only leveling the playing field to make Portland more attractive for venture capital firms but it will have a significant impact in retaining technologies and businesses that, in the past, have left our city for the suburbs and more significantly gone to Seattle, San Francisco, and other cities with stronger venture communities. The ruling will also have a positive impact on Portland's targeted industry clusters, most specifically for technology coming out of our universities as well as emerging small companies that take this technology and turn it into products. Additionally, it will contribute to growth of family wage jobs in our targeted industry sectors which are manufacturing high-tech sustainable industries, medical technology, as well as creative services firms that provide services to those companies. So the bottom line is this is a wonderful thing. P.d.c. economic development staff will be able to not only promote our region as a place with a top tier workforce and moderate living cost in comparison to our west coast urban neighbors but also as having a favorable venture capital climate. We'll be working with commissioner Adams' office to develop benchmarking measures and track this as an on going to see how successful this is. And this aligns well with the economic development strategy work that Erin Flynn will be leaving next year as part of the Portland plan. So thank you very much. On behalf of p.d.c., I would like to read a brief letter, a summary of a letter from Bill Newman and Gordon Hoffman, who are the managing directors of Northwest Technology Ventures, a firm that was instrumental in working with the work group on this ruling. Both of them had prior commitments and were not able to make it today. So I'm just going to summarize this, a few key

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points. They want to express their efforts to the mayor and commissioners on the efforts that were -  
- that have gone into this taxation issue. They feel they were very impressed working with the  
mayor and commissioners. They feel this is a collaborative public/private process that was  
extremely fruitful, and they're very satisfied with the results. They appreciate your efforts on the  
behalf of the business and the venture capital community here in Portland and the region. I've  
handed the letter to be passed around, to be distributed. Thank you very much.

**Bob Ward:** Good morning. I'm bob ward with caffee bar a ventures, right now the only venture  
capital fund headquartered in Portland. I'm very pleased to be here representativng the venture  
capital community. With that, i'll keep my comments brief per commissioner Leonard's comments.  
Quit while you're ahead.

**Leonard:** Don't misunderstand me. I just think we under standpoint the issue, but say whatever  
you need.

**Ward:** Very good. I just want to encourage the city council to support this rule change again, I  
was very heartened and encouraged by the work of the working group and inclusiveness and their  
willingness to reach out to the community to come up with a solution that I think was satisfactory to  
everybody. So I think that this rule change basically is satisfying our needs, and we will be very  
comfortable staying in Portland with the approval of the rule change. Not only that. I'm aware of at  
least one v.c. That will plan on relocating back to Portland based on this and possibly a second.  
So, with that, I just want to thank all the people that have put in hard work. Kimberly of sam  
Adams' office, terry williams, jeff cogan at the county level and warren fish. Once again I  
encourage you to pass this rule change.

**Potter:** Thank you.

**Mark Madeiros:** Thank you, commissioners, mayor. My name is mark mad dare rose, and I am a  
partner at the law firm of sweet and madeiros havier. We're a law firm that helps people in the  
business of the creative, innovative classes. I participated in the work group and am here today to  
support this rule change. I look forward to the day when per capita income inside the city is well  
above the national average, when unemployment is well below the national average when, when  
citizens have sufficient savings for retirement, health care, and where the value of innovation and  
creativity that springs from the diligent efforts of our citizens stays in the city. Right now, I cannot  
say any of these things are true. But today, in this chamber, the future can look much brighter.  
Today is a new day. Today we have the tremendous opportunity to remove a huge negative for the  
city. It is the unintended policy of financial self-destruction. In effect, we have favored out of state  
investment to our local innovators over local dollars. The unintended consequences are that those  
penalized local dollars have left the city. Portland, in many respects, has become 18 epp novation --  
innovation and creatively colony. Interesting outside the city and state enjoy the spoils of our labor.  
Witness the ring just outside Multnomah county. Witness the patents that are prosecuted and  
invented right here in the city but, immediately after the united states patent and trademark offices  
grants the patent to a Portland citizen, that is assigned right away outside the city and outside the  
state in ahead quarters generally where the investment -- investors are, generally where the  
headquarters of that business are. So we are providing a huge amount of innovation in the areas of  
sustainable technologies, health care, and the fashion industry, to name a few. Today that's going to  
change with your support. Contrary to popular belief, venture capitalists or v.c.s are not  
independently wealthy, but financially they carry the risk that it's basically years of their labor  
without compensation. This is the carried interest, kind of like the target of the tax. This tax in  
Portland is like no other jurisdiction and certainly not how federal treatment of this tax is done. The  
decision today is simple, because everybody wins. The city's revenue picture will not change, and it  
is not collecting these tax dollars at the target of this unintended tax have left. V.c.s are not the only  
ones who will suffer. Those who patronize restaurants and other services of the cities. But after  
today, we can eliminate this huge negative and begin to bring jobs back and small businesses back



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and investment. Back to Portland. This process, which took the better part of a year, is a huge victory for the city and our children. I would like right now that thank the leadership of sue klobertanz and her team at the revenue bureau, the office of sam Adams, and the supportive comments of erik last year at the business income tax meeting that triggered a lot of this. It was a huge effort, a lot of people involved, good public/private partnership, and I look forward to the day when people come to Portland to spend their money on the technology, on the future that will provide family wage jobs and the sophisticated type of innovation that we can retain here that we deserve to reap the benefits of. And your support today on this rule will do that. Thank you very much for your time. I'll leave a copy of my comments with the clerk.

**Potter:** Thank you all for being her and testifying. Do we have a sign-up sheet?

**Moore:** I did. No one else signed up.

**Potter:** Is there anyone here who wishes to address this issue? This is a report. I need a motion to accept.

**Leonard:** Moved.

**Sten:** Seconded.

**Potter:** Please call the vote.

**Leonard:** What we learned in the discussion of the reform of the business license fees sometime back was that, where mutual funds existed in the city, they were not required to pay the b.l.f. But rather it was the responsibility of individual mutual fund owners to pay any tax owed. We discovered that the venture capital funds were not treated that way, that they had to pay -- the fund itself had to pay versus having the responsibility beyond the owners. That clearly is what I consider to be a technical oversight, different treatment of different kinds of funds but for a technical difference that caused an incentive for those managers of those funds to move outside the city. That's not something we want to see happen. We want to make sure our tax system is fair and people pay their fair share. We also don't want to create undue burdens on a particular sector, causing them to move and taking jobs and other taxes that they pay. I do appreciate this work. It's a balance. It's, I think, going to allow us to keep those venture capital funds that are in the city here and create incentives for those that aren't to move into the city, because obviously there are a lot of benefits of these kinds of funds being located in a commerce center such as Portland. So I appreciate the work on this, appreciate the thought behind it and am pleased to support it. Aye.

**Sten:** Well, I agree, and I want to thank our team at licenses and commissioner Adams' office for figuring all this out. It's one of these things where I think we created the fees in an area where venture capital didn't really exist in the way that it does now, and so it certainly wasn't anybody's plan to have an unfair tax. The negative effect is overwhelming, and this is much like some of the urban renew value strategies where you haven't lost something if you lower a fee on something you're not going to get. By getting these funds situated back in the city, there's all kinds of spin-off benefit. It's not actually an exemption if you look at what we're actually taxing. We shouldn't be taxes this particular version. This isn't business income in the sense of what the tax is intended to catch. And so commissioner Adams did a really good job. We actually rejected it the first time not on this issue but on others of working for many years to reform our business income tax structure and find the balance between bringing in money that we need for the services and having the structure that I think can promote economic development. It's always a pleasure, too, to be on the same page with the economic development department, and we're going to go out together and make something of this change. I vote aye.

**Potter:** This is one of those win/wins for our community and certainly the venture capital community. Perhaps the only folks that may not be happy are some of our surrounding jurisdictions as some of the venture capitalists come back into Portland and set up business here. This is no additional cost to the city but has tremendous potential benefits to the community. Appreciate

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everybody that worked on it. I vote aye. Please read item -- we're going to move to the regular agenda, item 1410.

**Item 1410.**

**Potter:** This item was inadvertently placed on the council calendar. It's scheduled actually for december 12th at 9:30 a.m. Please read item 1411.

**Item 1411.**

**Potter:** Good morning, folks.

**Yvonne Deckard:** Good morning. For the record, my name is yvonne deckert, i'm the director for the bureau of human resources. Last may, the voters changed the charter with the election title 4 or chapter 4 of the service rule, rules and shortly after that, mayor, you requested that b.h.r. Look at its administrative rules and look at the changes that were voted in and make appropriate changes to our administrative rules and to our processes. We've had an opportunity to do that. Now, we've had an opportunity. If you feel like you have enough information --

**Leonard:** I'm pleased with your recommendation.

**Deckard:** Here we go. So we'll cover everything. But anna is going to cover our recommendations to the council today. Now, also just --

**Leonard:** See that you don't have -- [laughter]

**Deckard:** We did, in addition to covering these proposed changes with the bureau of directors, we also in september sent them out to all of our labor organizations just so that they would have an opportunity to have discussions with us on the proposed changes and, with the exception of a quick conversation with robert king for p.p.a. and james vester with c.c.u., none of the others showed much interesting.

**Anna Kanwit:** Anna kanwit with the bureau of resources. What's stated before you today is our recommendations for changes to the h.r. administrative rules and the definition of positions exempt from the classified service ex-cept from sieve veil service a -- civil service to implement changes the voters approved last may. In terms of -- there's really three categories of change. One is the definition of classifications exempt from civil service, elimination of definitions and restrictions on ceasing temporary employment, and elimination of rules governing appointments and promotions in the charter. As you know, the changes by the voters condensed chapter 4 from over seven pages to two pages, and that streamlining is very much appreciated by the bureau of human resources. Appendix amount, page 1 is a list of the current classifications exempt under the charter language which is, in essence, officials and their staffs, bureau directors hired after december of 2000. The second page of that exhibit is our recommendation based on the definition in the charter as approved by voters. Employees and classifications that have a major role in the formulation of policy that requires exercise of independent judgment can be excluded from civil service. We further refined that as a policy with citywide impact. We think that was true to the definition that the voters put in the charter. By citywide impact, we mean either broad-based policy that impacts the city as a whole as an employer or the city as a political entity. There are 22 classifications, but this change would not affect an employee who has been permanently appointed to one of these classifications prior to january 1st of 2008. Those employees will retain civil service status until they leave city employment. Second broad area of change, as I mentioned, was elimination of fairly detailed rules governing temporary and seasonal employment. The h.r. administrative rules contain significant restrictions on temporary and seasonal hires. We're not proposing making any changes with one exception. The charter language had limited seasonal employment to a period not to exceed five months. FY understand it, a circuit court decision about 25 years ago defines that as 860 hours. I don't know why, 'cause if I do the math, it's 800 hours, but it was 860 hours, and that was in the administrative rule. There would still be a limit on seasonal employees, but that limit would be increased to that amount. We have put that information on the table, because we're currently in negotiations with our seasonal maintenance workers, and so they are aware of this

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proposed change, and we do have a duty to bargain the impact of that change with that bargaining group should it be approved by council. Last area is the rules governing appointments and promotions. The one significant area of change here was that the charter had contained specific language where we were using a ranked list to select qualified candidates. The hiring bureau was limited to only considering the top five names on that list when they had a single vacancy. Again, that language was incorporated into the h.r. administrative rule. Now that that's been eliminated from the charter, we're proposing eliminating it from the h.r. administrative rule as well as substituting language that, if a hiring bureau elects to use a ranked list, because they don't have to do that -- they use unranked and equally ranked lists as well -- we work with them on the selection criteria of how we take candidates off that list, so it's no longer having to be a rule of file we're only taking the top five candidates. That covers the changes that we've recommended. The significant. The appeal period is changed also to match what the voters put in, which was 21 days. It's now a uniform period, which is nice, because there was a different appeal period for appeals from examinations, classifications, and discipline. Now we have one period of time. Questions?

**Potter:** Thank you, folks.

**Moore:** No one signed up.

**Potter:** Is there anyone here who wishes to testify to this matter? This is a nonemergency and moves to a second reading. Please read item 1412.

**Item 1412.**

**Potter:** Commissioner Saltzman, who's unable to be here today, asks that this be set over to next week. Any objections? Ok. Set over. It will be heard next week. Please read item 1413.

**Item 1413.**

**Potter:** Second reading. Call the vote.

**Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. Please read item 1413.

**Item 1413.**

**Potter:** Second reading. Call the vote.

**Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. Please read item 1415.

**Item 1415.**

**Potter:** Is there staff here from the commissioner's office? Please come forward.

**\*\*\*\*\*:** We have an agreement with the Washington department of transportation which would be one year. It would compensate staff for their time in the environmental impact study.

**Moore:** Please state your name for the record.

**Paul Smith:** Paul smith with the office of transportation. We had a similar intergovernmental agreement for approximately a year that expired. This is an agreement to carry us forward until september 30th of next year. The money is federal funds, and we're providing 30% match.

**Potter:** Questions? Is there anyone signed up to testify on this matter?

**Moore:** I did not have a sign-up sheet for this.

**Potter:** Is there anyone here who wishes to testify to this matter?

**Amanda Fritz:** Good morning. Amanda fritz. I served on the Portland planning commission from 1996 to 2003. One of the projects reviewed in that -- towards the end of that period was the preliminary report on this columbia river crossing bridge. The planning commission sent a recommendation to council chi presented here urging the council to review the proposal in relation to Portland's needs, the regional context, and land use employment policies both in north Portland and clark county. I don't know if that review ever happened, so I have questions which I know you can't answer with commissioner Adams accept. But they include how does this proposed bridge relate to other regional transportation needs? Do we really support allocating \$4.2 billion in federal, state, regional, and local money to this project over the transportation needs in Portland? How

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confident are we of the \$4.2 billion estimate? Are there other more cost effective alternatives? What about regular rail rather than light rail? Why require the local traffic to use an interstate highway rather than providing an arterial bridge connecting Portland and Vancouver? How are six lanes each way on the bridge supposed to funnel into three lanes on either side without causing accidents and congestion? In approving this bridge, is Portland saying that we're willing to destroy homes and businesses in north, northeast, and southwest Portland to expand the lanes throughout the city later on? Did you know that any one of six jurisdictions can veto this project in when this project was considered at the planning commission when I was on it, the projected cost was \$2 billion. It's now 4.2 five years later. This process feels a little like the tram to me. It's not clear who's making the decisions. It's not clear whether Portland citizens support the proposal as presented. So I have two final questions. Have you asked the planning commission to hold hearings and comment on this proposal? And how much further down this process are we going to go before holding a hearing at council to vote on it? This morning's item puts only \$83,000 in staff time towards the project. It's already cost millions in planning. I want Portland to make a reasoned decision on this I-5 bridge before too much money -- more money -- has been spent and it becomes a done deal. So I would just like to know what the process is from now on.

**Potter:** I'm not sure. Commissioner Adams is not here. This is an emergency vote, and we can't vote today.

**Fritz:** I'm not asking you to do anything with this particular vote. I just took advantage of it being on the agenda to say that it feels to me like there needs to be more vocal public process to decide whether this really is our priority for spending all this money.

**Potter:** This will be set over and voted on tomorrow as it's an emergency vote. We don't have the votes to do it today. Please read item 1416.

**Item 1416.**

**Potter:** This is also commissioner Adams. Is there anybody here, staff, to discuss this issue? Is anyone signed up to testify on this matter?

**Moore:** I did not have a sign-up sheet.

**Potter:** We'll set this over.

**Leonard:** I think it's just a first reading anyway.

**Potter:** Yes. It may be an automatic vote next time. So we'll have this set over.

**Moore:** Continue it or second reading?

**Potter:** Continue it.

**Leonard:** We could have the testimony at the second reading. There's no reason we can't. If we don't like what we hear, we don't have to vote for it.

**Potter:** Ok. That's fine with me.

**Moore:** Second.

**Potter:** And with testimony if there's people here to testify on it. Read item 1417.

**Item 1417.**

**Potter:** Second reading, call the vote.

**Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. Please read item 1418.

**Item 1418.**

**Potter:** Second reading. Call the vote.

**Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. Please read item 1419.

**Item 1419.**

**Potter:** This is an emergency ordinance and it will be set over till tomorrow. Please read item 1420.

**Item 1420.**

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**Sharon Simrin:** I'm Sharon Simrin. I represent the auditor's office. This ordinance is to assess property for sidewalk repair ordered by the bureau of maintenance.

**Potter:** Is there anyone signed up to testify on this matter?

**Moore:** No one signed up.

**Potter:** Any other questions from commissioners? It's a nonemergency and moves to a second reading. Thank you.

**Simrin:** Thank you.

**Potter:** Recessed until 2:00 p.m. Thursday.

At 11:25 a.m., Council recessed.

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**Closed Caption File of Portland City Council Meeting**

This file was produced through the closed captioning process for the televised City Council broadcast.

Key: \*\*\*\*\* means unidentified speaker.

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**NOVEMBER 29, 2007 9:30 AM**

**Potter:** There are two items carried over from yesterday's calendar because we did not have a quorum. One is the vote on the consent agenda and two votes on emergency items. So Karla, please call the vote on the consent agenda.

**Moore:** Were there any pulls?

**Potter:** Did anybody wish to pull anything from the consent agenda? Any persons in the room willing to pull an item from the consent agenda? Please call the vote.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded] please read item 1415.

**Item 1415.**

**Potter:** Please call the vote.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded] please read 1419.

**Item 1419.**

**Potter:** Please call the vote.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded] please read the 2:00 p.m. Time certain.

**Item 1421.**

**Potter:** Excuse me.

**Adams:** [no audio]

**Potter:** Staff?

**Keith Witcosky:** Mayor, city council. Keith Witcosky, Government relations, Portland development commission. I'm joined by andy, the p.d.c. Housing director and margarita. One of the p.d.c. counsels. I want to open up and describe the item and then hand it off to andy and give a little explanation of how the proceedings will go. There are two different resolutions. What we'd like to do is take each one in order fully through. These items are a product of work that p.d.c. and the city have been doing with the county in the last nine months to essentially implement and clarify the limited tax abatement programs we have in place for residential homes. Transit oriented, single family in this case. Andy can give you an overview of what the programs are about. They're state approved, and what they do, if you're eligible and you receive them, you get basically 10 years where you don't have to pay property taxes, and then it goes back on the tax rolls. In working with the county over the past year and the new administration under chair wheeler, the county identified a number of areas where they wanted to see a greater focus on p.d.c. The product of today's hearing is essentially some of that greater focus, and one of the things they emphasized was for us to take a closer look at the modern -- monitoring and compliance work we did with these programs. So what we're going to do right now, you'll get a staff overview from andy, some basic instructions from the legal staff, and there will be appeals from the affected parties to the extent they're here, and then there can be q and a with the staff, followed by action, and then we'll take the next resolution.

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**Andy Wilch:** Good afternoon, mr. Mayor, city council. Andy welch, director of housing and Portland development commission. As you are aware, there are five different tax abatement programs that the city of Portland administers. The nonprofit program, the transit oriented development program, the multiple unit housings tax abatement program, the new single family tax abatement program, and the rental rehab tax abatement program. We're going to focus on three of those particular programs that all have a homeownership component to it, specifically the new single family housing construction under code 3.102. Ownership projects, there are criteria set inform by code, and there are several mandatory general requirements for those projects. They must be owner occupied. They must meet a certain price point, and the compliance dictates there must be verification at change of purchase. On the other set of tax abatements that are homeownership tax abatements which are the new multiple unit housing tax abatement has both a rental and an ownership component. As well as the transit oriented development tax abatement, which has both rental and ownership. Both of those programs have specific requirements for public benefits. They have specific requirements for affordability requirement and reporting as it relates to ensuring they're owner occupied as a principle residents. With that said, I think i'll turn it over to margarita to talk about the two programs as it relates to the request before you today.

**Margarita Molina:** P.d.c. has been working with the county, and as a result of auditing all of the current limited tax abatements, we identified 109 properties where we needed to verify whether they met the income limits, or they were owner occupied. P.d.c. has taken a straightforward approach to owner occupied. Of those 109 properties we identified, we -- 59 of the 109 properties submitted information, saying they satisfied the criteria. So we had 50 properties where we could not verify the owner was occupying the unit or that they missed the income limits. So the resolution you have before you for item 1421, the first page of exhibit a provides the 21 transit oriented abatements that we have not verified the criteria, and page 2 is the 29 multifamily abatement that are in the same position. And today is an opportunity for the homeowners to appear before the council and show cause why those abatements should not be terminated.

**Potter:** What does the code say? It has to be owner occupied and no more than 100% of median income for a family of four.

**Molina:** Right. And the way p.d.c. Is -- has interpreted owner occupied, the deed holder needs to occupy the unit. Some of the appeals you'll hear today are family members occupying the unit, and p.d.c. therefore was proposing termination.

**Potter:** Who are these programs designed for?

**Wilch:** The single family new construction program was designed as a revitalization program in specific target areas as defined by the city. As the programs evolved over the years, it's also turned into a moderate homeownership program as well, ergo the price point cap and the income cap and the owner occupied provision. The other programs, the transit oriented development and the new multiple unit, are as I said earlier, can be rental or ownership, but they are more for central city types of programs and/or eligible and u.r.a.'s, or within in the case of the transit oriented development program, within three blocks from an eligible transit 300 feet from an eligible transit facility. They are high density in nature, generally, they have homeownership, and they really are about increasing density at transit nodes and in the urban core, and in areas designated for high density development.

**Potter:** Thank you.

**Leonard:** When you have a sale of one of these properties that are intended to be owner occupied, you've said you've interpreted that to mean the owner of the property has to live there. Are there any documents signed by --

**Molina:** For the single family there is a subsequent home --

**Leonard:** Let me finish my question. Are there any documents that purchasers sign at the time that they -- the transaction is completed?

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**Molina:** When the abatement is first granted? River renaissance when they -- i'm not sure how the transactions occur, but at some point i'm assuming there's a closing on the property, and they sit down and sign a series of documents. Is there a p.d.c. document that outlines conditions under which the purchaser bought the home, including the conditions of who is allowed to be in the home?

**Wilch:** As it relates to the initial purchase?

**Leonard:** Is that when you grant the abatement?

**Wilch:** The initial purchase. New construction, so the first buyer of that unit would have to pass the test and there would be recorded documents that would regulate the nature of the income of the individual and the obligations, and in the clause on the --

**Leonard:** I'm just asking, you've said you've interpreted the conditions to mean that individuals who buy the home have to live in it. Isn't there something they sign that makes that clear that that's the requirement?

**Wilch:** Correct.

**Leonard:** Do you have those kinds of documenting here that will be part of what we will hear from the appellants today?

**Ann Johnson:** I'm ann johnson with the Portland development commission for the neighborhood housing program. I can give you a little more detail on this. On new single family new construction, there is now a subsequent home buyer notice that is signed and recorded against the property. So all of those, the people know when they buy it's on the title report when they get that. However, going backwards into the multifamily and the -- that was not done on those properties.

**Leonard:** I'm just trying to figure out, on these properties we're going to hear about today, did these purchasers sign something that acknowledged what the conditions of the sale was?

**Johnson:** Not on the multifamily and not on the todods. Those did not exist back when these were actually granted initially. But on new ones going forward, those are in place --

**Leonard:** I'm specifically asking about these appeals.

**Johnson:** On the appeals today, no.

**Leonard:** There's nothing in writing that lays out what the conditions are to comply with the abatement they were granted?

**Johnson:** Because the way the abatement were granted on those properties, the entire property is granted the abatement, and individual units have to qualify about whether -- by whether they're rental or owner occupied. So there's a big difference on how those were done. Most were done several years ago. I think thinking this through now, we're looking at implementing those kinds of notices that are filed against the title. But on these properties specifically here today, those notices were not filed.

**\*\*\*\*\*:** Was there --

**Potter:** Was there any written notice given as to the requirements --

**Johnson:** They were given to the original homeowner, who got the original abatement, yes. They got a letter about it. They may or may not have passed that on to their buyer.

**Leonard:** So I guess i'm not clear about that, then. I'm not clear that -- these are just really basic questions. Don't assume I know a lot about this program, because I don't. The folks we're hearing from today may not have been the original purchasers who understood what the conditions were that could have subsequent to that purchased the home, and did they buy it knowing there was an abatement attached to the home?

**Johnson:** Many of them have told me they bought it knowing there was abatement. If they've contacted p.d.c. to ask about it we will be happy to tell them what the conditions of them assuming that are. But many people just assume the taxes are going to stay wherever they are at the moment.



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**Leonard:** Did we have any program throughout that period where an abatement was allowed that required any kind of a documentation from the owners that they still qualified for the abatement? That their income hadn't changed or whatever the conditions were --

**Johnson:** Once the abatement is granted to the original owner, as long as they continue to own and occupy that unit, we do not reverify income. But if they do not continue to occupy it, or if therefore that makes them ineligible, or if they sell to someone new, we need to verify the income of the person who purchased it new.

**Leonard:** If you need to do that, and that didn't happen, what happened in there that that -- what didn't trigger that should have alerted you that the sale happened?

**Johnson:** We should -- at this point we're setting up stringent monitoring things that we're not -- were not in existence going backward. And we have come to realize we need to be more diligent about monitoring those. So we will yearly be monitoring these so someone can't slip through the cracks as easily as these have.

**Leonard:** When you're establishing these procedures, are you going to have monitoring of income levels?

**Johnson:** Yes.

**Leonard:** Certifications and --

**Johnson:** Once a homeowner qualifies, there's no recertification of their income. If their income goes up, there is no recertification. They don't to certify each year. Every time the property changes hands we'll be monitoring that to make sure that we notify those people and that we have gotten income verification from the new owner every.

**Linly Rees:** To your question, I'm not sure if this answers one other piece of information, the code is specific about what happens when the property is transferred. It's not just the policy of p.d.c. when it transfers. The code says when it transfers it must also be sold to a home -- a household earning no more than 100%. It's not just their policy. The written notice, we would consider are code to be written notice.

**Leonard:** Ok.

**Rees:** And then I wanted to -- I think Anne answered it, the code only requires the million percent at the time of purchase -- the hundred% at the time of -- the time of purchase.

**Potter:** The original notice to the initial home buyer asking for the tax abatement, is that provision of the code in the letter saying if it is resold it has to be sold to someone who qualifies at the income level?

**Rees:** Yes.

**Potter:** So the homeowner has that information when they go to sell it.

**Johnson:** Yes. They should know that when they sell it. They were all notified, that was all in the original notification letters. You have received the tax abatement for your property at. If you sell this, you need to sell it to a qualified home buyer in order for the abatement to continue.

**Wilch:** There are different provisions for the single family program as it relates to compliance and criteria than there are from the transit oriented development and the new multiple unit. They're under different chapters in the code and chartered under different statutory intent. Both of these codes have been changed by this council over the last -- within the last five years. And so there are now consistencies -- consistent themes in both programs. That is a mandatory income verification at the time of sale, a maximum sales price, and recorded deeds that go into place. Some of the changes in the multiple unit that happened since December of 2006 would verify that there is an extended use agreement, for instance, on the rental side that you would have to have income clarification, must be owner occupied, meeting 100% of a family of four, and a price point not greater than 95% of the f.h.a. Prior to December of last year, the program was different. But the program that I just read to you is the program we're implementing now.

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**Potter:** The think the questions have been what was in existence at the time these homes were sold? Let's stick with the todd one since we're going to take each of them separately.

**\*\*\*\*\*:** I don't know.

**Wilch:** I would have to look at the specific --

**Leonard:** What we're not trying to do is have a policy discussion about what was right or wrong. What we're trying to understand is the basis under which we're going to make judgments on these cases. So it's helpful to hear what you're planning on doing in the future, but it's not relevant to what we're doing right now.

**Johnson:** All of the tod units should have received a letter when they received the very first tax abatement, when it was sold to another owner, that they needed to income qualify.

**Leonard:** Do we have code that speaks to that? And what does the code say in terms of change of ownership? Does it put any of the responsibility on the city or p.d.c. to verify that subsequent purchasers qualify?

**Rees:** No. The code is silent. It places a requirement and income requirement if it is sold it must be sold to somebody earning no more than 100%, but does not provide for any monitoring. It's something we probably ought to look at in the future.

**Potter:** It does say that you have to demonstrate the eligibility for the property tax exempt status on the section in the code dealing with a resale.

**Johnson:** Yes.

**Potter:** And that the original owner is provided that information, that the people must do that who are purchasing the home.

**Johnson:** They should know that now. Sometimes that's four or five years and people tend to forget.

**Leonard:** We don't put that on the deed?

**Johnson:** On the multifamily ones it has not been put on the deed, but I think we're seriously looking at that being fixed.

**Potter:** Was this program designed to accommodate these homes as second homes, so there would be another primary residents and they could live there part-time?

**Wilch:** No, it was intended to be a principle occupancy for the deed holder, the buyer.

**Potter:** Were any of the program designed to accommodate friends or relatives who would occupy in the absence of the person who signed up as the original buyer?

**Wilch:** There's no provision for that. Owner occupation wouldn't deed holder, owner of record occupying the unit.

**Potter:** Further questions? Is that it in terms of the presentation? For the first 1421?

**\*\*\*\*\*:** Yes.

**Potter:** Ok.

**Sten:** I wanted to clarify, there's no action to go back. If somebody's been there for years, makes too much money, should be paying taxes, nobody is going back after them. So it's a prospective.

**Wilch:** It is in real time, current, it's not retroactive, no.

**Sten:** Setting aside the issue of relatives, which is I think a different issue, the argument is if somebody bought it unknowingly makes more money than qualifies for the program, lives there themselves, what they've gained is no taxes for several years that they shouldn't have got, but they're not going to have to pay that back. Ok.

**Leonard:** Have you listened to each of the cases we're going to be hearing?

**Johnson:** I've talked with each of these people, yes.

**Leonard:** Do you have recommendations on each of the cases?

**Johnson:** We are recommending that you terminate them all.

**Leonard:** Oh, that's why they're here.

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**Johnson:** That's why they're here, because we're recommending -- we're recommending termination.

**Leonard:** Ok.

**Potter:** And under the code the city council is the one that hears the appeal?

**\*\*\*\*\*:** Yes.

**Leonard:** I guess I misunderstood. I thought that were some that but that for some language would you have allowed.

**Johnson:** Right now we're discussing the tods and the multifamily.

**Potter:** Yes.

**Johnson:** There aren't any in that section, no.

**Potter:** Other questions? Thanks, folks. How many folks have signed up for this, 1421?

**Moore:** We have three people signed up.

**Potter:** Thanks for being here today, folks. When you speak, please state your name for the record. I think under the circumstances -- try to keep your presentation concise, and follow to the three-minute rule.

**Regina McCarthy:** Regina mccarthy. I'm requesting that the tax abatement not be terminated, and the reason for that is back in 2003 my mother, who is here with me today, she was living at the st. James apartments and -- this condominium came for sale, a multifamily, which is what we're referring to now. And I was able to purchase that for my mother and it was -- I was able to do that because there was the tax abatement. I don't have any -- there's no revenue on the property, as my mother is living on a fixed income, so I have a negative cash flow that helps offset that. And I purchased it because of the tax abatement, and it was never indicate the to me in any documentation which I have if you are interested in seeing that it was never disclosed that there was -- that there would not be the tax abatement. And that I -- there was no qualification for it indicated as well. And so that's the reason I purchased it, and it would be a terrible hardship if that tax abatement was rescinded before it was due to expire on 2010, and to go to your question earlier, it does say in the p.d.c. Letter that they will go back to the first time that I didn't qualify, which i've never qualified, because i've never lived there, and I never had any intentions from living there. And I indicated that too when I purchased the property.

**Potter:** You were not told why you got a property tax abatement? You were just lucky? What?

**McCarthy:** Well, that the property had a tax abatement through the year 2010.

**Potter:** Did they say the nature of the property tax abatement?

**McCarthy:** It doesn't -- no, they didn't say that.

**Potter:** How did you hear about the program?

**McCarthy:** When my realtor had the multiple listing, it says on there that the tax is deferred. It says it right on the multiple listing document.

**Leonard:** Did you gi it from someone who got the original abatement?

**McCarthy:** Yes. I was the second owner. And it's was -- all the sellers disclosure statement doesn't indicate that the tax abatement would -- .

**Potter:** Who was your real estate person that handled that transaction?

**McCarthy:** It was realty trust, the mcnaughton group.

**Potter:** Are they here today?

**McCarthy:** Oh, no.

**Potter:** Did you question as to why you got a tax abatement and no one else, most other folks in the city do not get tax abatements?

**McCarthy:** I thought it was because of the property. I thought because it was an inner city property. That's why I thought there would be a tax abatement.

**Potter:** Hmm.

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**McCarthy:** I didn't think it had to do with me as much as it had to do with the property. Hearings officer lou --

**Leonard:** How long had the original owners owned it?

**McCarthy:** I believe about three years. I think the property was built in 2000 with a 10-year abatement to the year 2010. And I bought it in december of 2003.

**Leonard:** Do you know what the property taxes would be on it if it weren't abated?

**McCarthy:** I don't. My guess would be between \$3,000-4,000, I would imagine.

**Potter:** What was the location on the property?

**McCarthy:** 12th and jefferson.

**Potter:** That's inner city?

**McCarthy:** Yes.

**Potter:** Who is at 1134 jefferson is that the address?

**McCarthy:** My mother lives there.

**Potter:** Where do you live?

**McCarthy:** In northeast.

**Leonard:** I was trying to figure out what the impact is on the monthly payment.

**McCarthy:** Right now the taxes monthly are about \$38. I would think that would go to between \$300-400.

**Leonard:** How much is the value of the --

**McCarthy:** The property is, I think I paid \$187,000 for it four years ago, so it's probably worth more than that now. I haven't looked recently.

**Leonard:** Just off the top of my head, that would be more like \$275 a month.

**McCarthy:** Ok.

**Leonard:** Is that the issue for you, having to pay that much more, or is the issue having to pay retroactive?

**McCarthy:** Both. Because I already have a \$400 negative cash flow in the property because of my mother's ability to pay, and the mortgage, and the h.o.a. Dues have gone up significantly in the last four years, which of course you don't really have any control over. They've gone up \$90 a month.

**Leonard:** So you heard the testimony before, and -- I believe you, that you didn't know what the conditions were, especially since it was somebody else you bought it from. I can certainly understand how that would happen. But do you know that was in error now, and that --

**McCarthy:** Yes.

**Leonard:** It actually violates our rules --

**McCarthy:** Absolutely.

**Leonard:** Do you also understand we would try to find a middle ground, or maybe we wouldn't -- because you didn't know before, not make you pay the back taxes, but out of fairness, they need to be paid from this point on?

**McCarthy:** Sure.

**Leonard:** Ok.

**John Robertson:** John robertson is my name. I was never notified that these requirements applied. We bought the condominium at 103rd and northeast clackamas in 2004. I have a daughter who's 46 years old, has an i.q. of 68, has been classified as disabled by Multnomah county disability services. And she's had a difficult life and we've provided a lot of her support. Over time it became more difficult for her to find jobs or even find any work, and probably for the last five years we're her primary support and paid all of her expenses except when she had a job for a short time. The thing was that we needed to find a place to keep her off the street. And we found this condo and decided to purchase it for her. And the condo is in the name of a family trust. I consider she's a family member and she's the permanent resident, and the only resident and the family owns it because, in her mental capacity, she certainly doesn't qualify for having a mortgage and maintaining

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that. Also, she is not able to handle money, and i'm quite concerned about what would happen if she had the property titled in her name. She's presently unemployed, she was employed by as a janitor in the Portland public schools until they lost the contract and she was terminated. Her unemployed will run out next spring, and she'll have zero income at that point. And we'll again be paying all of her living expenses, food and housing, and everything. Unless we want her to go on the street. Part of the reason for getting this house for her was to keep her from being homeless. Tax abatement, being a required, I understood it was tax abatement, and this lady next to me said my understanding was about the same, the building was built with a tax abatement as an incentive to build and occupy these homes. That's all. No one ever spoke to me about requirements, and I never met the previous owner who lives out of state. It was all handled by mail. So I received no notice of my requirements. I did understand that it was supposed to be owner occupied. It was an understanding, and i'm not sure where I got the understanding, but I didn't have any papers that I signed. However, we considered it was owner occupied because we were putting family in there. And the family owned it. Since we've had this residence and we received the notice that the abatement was to be withdrawn, I was also told, as you heard, that they were going to ask for all the taxes, back taxes on it. That would be a significant problem. My wife and I are retired on a fixed income. We do have an income greater be the minimum level, about \$10 nao more a year than the 67,000 or so that is allowed. But my daughter who lives there has no income, essentially, and I would like to ask the tax abatement not be terminated. Thank you.

**Sten:** How long is left on that one?

**Robertson:** Two years.

**Leonard:** I'm curious, in the conditions that you're describing, your daughter is dependent upon new.

**Robertson:** Yes.

**Leonard:** Is there -- I wonder if the p.d.c. Can help us understand that. Is there some -- it sounds to me like there might be some format under which you're a trustee or guardian could oversee an adult who would otherwise own the property but for some incapacity that would allow for a guardian and trustee. Does that -- is that something you can respond, to or maybe the council can respond to?

\*\*\*\*\*: [inaudible]

**Potter:** Can one of you folks share the --

**Leonard:** Ms. Robertson, you can probably -- you should stay, mr. Mccarthy. I'm sorry, mr. Robertson.

**Andy Wilch:** There's no provision for that kind of accommodation, though it's not prohibited. So I would look to the legal council --

**Leonard:** I'm not an attorney, so -- I want to articulate it this way. If -- take these circumstance, set them aside. If one were to have an adult child that had some handicaps, whatever they may be, that required some monitoring by a trustee or a ward or something like that, ordinarily one would not have that individual writing checks, being responsible for paying the mortgage. I know, that because i've been in that situation myself in my own family. Is this -- is the potential solution here to establish some kind of a relationship like that? I'm sure there is a -- this is a question for one of the attorneys. Whereby you, mr. Robertson, would be the guardian of your daughter, so we could have an arrangement whereby, yes, you bought the property, but you bought it on behalf -- she's the owner, but you're -- i'm assuming you're bequeathing that to her for all intent and purposes it's hers, but you're making the payment for her. Is that correct?

**Robertson:** We've set up a trust and a trust for her in our will.

**Leonard:** I'm just asking for some help here. Is there some way that could be addressed?

**Rees:** I'll take a crack at it. Currently the tod new multiple unit housing programs do not have hardship exception for the owner occupancy requirement. One of the programs --

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**Leonard:** That's really not my question. My question is, if she has resources to pay for it, and they're her resource, but because of her american capacity does not have the ability to enter into a contract herself, isn't there some method by which she could have somebody appointed that would be responsible for cutting the checks, for the payment? She's living there, technically she would be the owner occupied person.

**Rees:** Presumably, but i'm not an expert in trusts, so we would certainly need to talk to somebody. But the trust relationships i'm familiar with and what he's suggested is the trust employees for in the will that upon his death this will be held in trust.

**Leonard:** I'm understanding we probably have to get you to do something more than you've done now to manage the affairs of your daughter, but i'm asking out loud s. That a potential solution?

**Rees:** The only other piece I would add, aside from the owner occupancy requirement, we still have the income requirement.

**Leonard:** It sounds like she qualifies, because of --

**Rees:** But she's not the owner. That's the problem with the trust situation. The trust is the owner of the property not that individual.

**Leonard:** We could remedy that by making her the owner.

**Potter:** She can't enter into a contract.

**Rees:** And likely s.s.i. Benefits are affected.

**Leonard:** Certainly this isn't the first time --

**Sten:** If I could make a suggestion, it might that be we hear the third case so we can see what they all are, and then if -- we've got a situation as I see it where if there is agreement that we're not going after the back taxes --

**Wilch:** That's certainly --

**Sten:** That's something we can put on the table now. What we're really dealing with is two years, three years so far much before you're going to have to start paying the taxes. I think everybody agrees they knew that. I think we can probably if the council had a result that it wanted for those two or three years, do -- ask an attorney to figure out how to get it done rather than try and interpret the law. If that makes sense.

**Leonard:** That sounds good.

**Sten:** We've got to figure out what we want to do first. If we can't do it, we can't, but I think the council -- i'm getting from your questions that there may be a majority on the council that would like to have a certain result, and maybe we should figure that out first.

**Leonard:** I just had one follow-up question for mr. Robertson. You didn't buy the property originally, you bought it from somebody else.

**Robertson:** I think it was bought in 2000 and we bought it in 2004.

**Leonard:** Thank you.

**Sten:** I think the back taxes are a big deal. They don't have any reason to expect that. We're really talking about the difference of the abatement running out two years sooner. These are 10-year abatements.

**Leonard:** Right.

**Potter:** Did you have anything else, mr. Robertson?

**Robertson:** No.

**Potter:** Ok.

**Potter:** State your name for the record.

**Lew Ropp:** Lou ropp. Mine is fairly simple. It's more of a terminology as to owner occupied versus primary residence. I live in bend, Oregon, that's my primary residents, but I do use. This I always have used it as my Portland residents. And their termination is based on the fact that it's not my primary residents. 4½ years left to go, it's a stiewdzio apartment, it's about 340 square feet,

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about the size of a single-car garage. So it doesn't mode well with exactly a primary residence, but it is owner occupied. It's never been rented.

**Leonard:** Do you meet the income qualifications?

**Ropp:** Yes.

**Leonard:** The only issue has been, it's not your primary residents.

**Ropp:** Right. It's just the -- they interpreted the owner occupied to mean primary residents.

**Leonard:** A 300--square-foot condo, what would the property taxes be if it were not abated?

**Ropp:** \$900, \$1,000, probably.

**Leonard:** Is your issue more what the retroactive than prospective?

**Ropp:** That as well as I feel like I am in compliance with being owner occupied. And the incomes requirements. I meet the requirements. If primary residents is the issue, then that should be so stated in the code, and it's not.

**Leonard:** Did you buy the home originally with the abatement, or did you buy it from somebody?

**Ropp:** I was aware of the abatement. That's one reason I bought it. I was second owner about six months after it was first bought.

**Potter:** You were the second owner?

**Ropp:** Yes.

**Potter:** Did you own the house in bend when you bought it?

**Ropp:** Yes.

**Sten:** I don't want to put you in a bad spot, would your common sense tell you the city would give away taxes to promote second homes?

**Ropp:** I was under the assumption it was more the redevelopment incentive.

**Sten:** To get that property there?

**Ropp:** Yes. Not the second home --

**Sten:** I wouldn't -- it wouldn't -- under that theory it wouldn't really matter who was there, it was just --

**Ropp:** Right.

**Sten:** In fairness to your point, we have given tax abatements for that reason in the past. We no longer do. So it's --

**Leonard:** And there are state programs that dot same thing.

**Sten:** We have -- when the economy was worse we did abate taxes just to get buildings built regardless of income. So it's not unheard of.

**Potter:** Do you rent the property or does anybody else live there besides you?

**Ropp:** No. I've never rented it. It's always been personal use. Owner occupied.

**Potter:** How many months a year do you spend there?

**Ropp:** Not that much. It varies. It's really only a couple days a month at the most. It's more of a motel room set-up type thing. But I do park my car, there I use transit going to the airport. It's a good place, it's like a motel room.

**Potter:** Did you have anything else to add? Discuss?

**Sten:** I'm trying to think of what my question is. Is the term owner occupant a legal term that you can give us a definition, or is it something that the council has the room to interpret what it means and the obvious interpretation of that is on the deed? Does that make sense as a question?

**Linly Rees, Deputy City Attorney:** I'll ask marguerite from pdc since works with these more frequently than i. I do not believe it's a legal term of art. It's a term we've used. It is not -- correct me if i'm wrong -- silt not a requirement of the statute. So we don't have the statutory guidance as to what it meanings. We do have a history of a number of years of, because some of the other programs we've interpreted in denying applications or terminating abatements so that it does mean primary residents. But it is certainly -- council can terwilliger parkway ted receipt it. Is there anything i'm missing in terms of statutory definitions?

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\*\*\*\*\*: [inaudible]

**Leonard:** I guess from my perspective, I see a couple different categories here. And all probably created by a lack of adequate process on the city's part. I think that it would be unfair given the lack of adequate process on our part to -- as commissioner Sten has alluded to, to ask people to retroactively pay property tax these weren't collect the that I believe every person was here didn't honestly think they had to pay. I've seen those same ads in the paper, and they're often advertised and probably not the same program as historic tax credits and others, pay no taxes for the next 10 years, and whatnot. I think that's a very reasonable thing to conclude, that people expected not to have to pay taxes because of the property, not their income. So that helps me get to the place where I don't think any of these three appellants reasonably should be expected to retroactively go back and pay. I do think in the case of ms. Mccarthy and mr. Ropp, speaking from myself that although that was a mistake, we're aware from this point on that these properties should pay tax, and I think probably from now until the expiration of whenever you thought you should haven't to pay, you probably should pay. Understanding also those are deductible from your income tax, so you do get a benefit there. But I do think out of fairness you should pay from this point on. The case to mr. Robertson doesn't feel that clear-cut to me. Mr. Robertson has a disabled daughter that on her own I think will qualify based on her income were the property in her name for this abatement. I think but for him trying to manage her affairs and help her, she would have qualified on the wind for this abatement. I would like to explore some rex putnam did I even fit means adopting code language to acknowledge those kinds of --

**Sten:** I don't think whatever we want to do on these three based on the question I just got on owner occupancy we would need to rewrite the code. I think the program has been fixed. It was sloppy at best, and it's been fixed. I think everybody who's bought these will not have this case to make in the future. The future goes back a couple years. So I don't think we'll see this again, it's a one-time situation in terms of the notification is clear and I think we have now defined -- for good or bad, many people do support disabled relatives, and it's a hard thing to do. But this won't be available in the future. My feeling is it was so unclear and on the scale of things we're talking about two or three years left that i'm inclined to essentially went into this it's a reasonable interpretation of it. So to grant their appeal. When I look -- I assume everybody who did not take the time to appeal to council accepts the findings. For the other 50 properties, they got a free ride, and they know that, or they wouldn't have come n i'm not so sure about the second home. I'm having a harder time with that. I'm not quite drawing as great a distance between the two because I think ms mccarthy's mom might have qualified on her own.

**Leonard:** Is that accurate?

\*\*\*\*\*: [inaudible]

**Sten:** She moved from st. James which we're probably subsidizing as taxpayers more. It's a wonderful place, my point being she was living in housing that the city was supporting before that. It feels like a reasonable mistake to me, and sort of the -- i'm just getting --

**Leonard:** I want to come down as like the grinch here, but it is christmas.

**Sten:** I kind of like being santa claus.

**Leonard:** The problem -- on the merits of everybody, including I really appreciated mr. Ropp -- I appreciated your candor and honesty, you said a couple days a month. It's more like a motel. That's very helpful, because you weren't at all trying to make it sound like it's more than what it s I appreciated that. But having said that, there could be -- I just don't want to set up a circumstance where in the future somebody who is fairly wealthy buys a condo for a child who is going to Portland state, and the child doesn't have an income, so that child buys by him or herself wouldn't qualify for the abatement. While i'm hearing what you're saying, i'm also recognizing we're setting up precedent that others may be able to use in the future.



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**Sten:** We're not -- the only precedent would I argue for, but I don't think there's any precedent, the precedent would be family -- if there was a precedent, I'm going to tell you why I think there's not.

**Leonard:** -- would be a family member who makes --

**Sten:** Who meets the income guideline and a unit in which there's no other income being made off it. So it's specially an extension of the family. The reason there's no precedent is these are not statutory requirements to the tax abatement. We could set up a program to abate taxes on transit oriented development with lower income requirements so. My argument would be that's been fixed. Or transit program no longer will allow niece, and we could change it next year to allow it. So it's -- there's no precedent because we change the rules on these programs under the state law to foot the income climate. So my feeling has been when you're in a sustained period where housing is not being built in the city limits for a variety of reasons, it makes sense for city councils to be looser with tax abatements. In this climate where there's a heated housing market, we should only do strictly income qualified tax abatements. We've made that change, so even if there were a precedent it won't fly any more because that's not what the rules say. In this case I think the mother and daughter are reasonable interpretation of the rules as they were being laid out at that time. I think a reasonable person would have concluded --

**Leonard:** And I agree.

**Sten:** -- if I buy this property, make no one -- make no income off it, we're not talking about a third cousin, a daughter, a mother living in it, that should qualify. And nobody told the mother why or notified them that wouldn't be the case. We're talking about two years, so they've got to pay the taxes anyway.

**Leonard:** Is that a reasonable position for us to take, and one that we don't have to worry sets up some condition under which in the future a very wealthy family buy as tax abatement condo for their child to go to school and doesn't pay the tax ?es.

**Rees:** The challenges this council -- it doesn't get these very often. If you make an interpretation of the code here, it is certainly one that's going to carry through until we change the code again. At least -- unless you're very clear in your guidance, we just think people were mistaken, they violated the code, but we think they're mistaken and we're not going to penalize it. That's different than we're interpreted these terms and our code to mean something, and until you change it staff will have to interpret it that way.

**Leonard:** Mr. Sten's interpretation would create less than a precedent than mine.

**Sten:** The program guidelines have been changed.

**Leonard:** Changed how?

**Wilch:** The one thing that has not been changed is to record a specific document that would at resale, for instance, cause there to be a trigger that would prevent any miscommunication, lack of information for the subsequent buyer.

**Leonard:** What has been changed? Is there a code language, documents, administrative rules?

**Wilch:** Specifically post december of last year. General requirements for code must be owner occupied, properties must be sold to a household at or below 100% --

**Leonard:** Are those rules you're reading from?

**Wilch:** These are the code provisions.

**Leonard:** City code?

**Wilch:** Yes, sir.

**Leonard:** Is that something we've adopted?

**Wilch:** Yes.

**Leonard:** So that's been post last december?

**Wilch:** Correct.

**Leonard:** Ok.

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**Shelly Hack:** Shelly hack, I manage the neighborhood housing program with p.d.c. Some of the changes we've made as far as moving forward, these properties that you're being presented with today were approved through city ordinances of the past. There were not regulatory requirements recorded against these properties, but there was the ordinance was passed and then there's a city code that governs how those programs were implemented. Moving forward as we look at approval of new todd programs and new multifamily programs, we've ruled the regulatory agreement that will be sign and record against the property at the point the abatement is initially approved.

**Leonard:** Will that assure in each of these three cases, each of these three appeals are from people who purchased properties from the original purchasers, will that assure in cases like this in the future they will be notified?

**Hack:** It will be recorded, it will be of public record, it would appear on the title policy of the preliminary title report when a purchaser would buy a property.

**Leonard:** What would appear?

**Hack:** It would say regulatory -- it would be recorded against the property.

**Leonard:** I'm asking what is it they'll see that will signal I have to be at this income level or I don't qualify?

**Hack:** They'll have to look at the -- the preliminary title report will give them a listing of all of those liens recorded against a property. They will have to, through their own initiative, review that regulatory agreement, just as they would review any other document that was recorded against the property. And that is the notice that would -- that is where they would receive their notice. Now, we will, as we're recording these things, we're playing around at the moment with what do we actually label this, so there's the greatest likelihood that somebody will take the initiative to actually read the recorded document.

**Leonard:** Why don't you have something in there when you're notified when somebody sells, they're required to notify you if they sell so you know that the new purchaser is aware of the conditions? Why wouldn't have you that put on the deed or something that requires --

**Hack:** That's a very good question. I don't know how we would legally effect that, but we can look into it.

**Leonard:** You dock anything you want when you sell the property as a condition. They agree to it or they don't. If one of the scruns to notify us when you sell the property --

**Hack:** If we're not the owner, we may not have the authority --

**Leonard:** On the deed.

**Hack:** We can take a look at that.

**Leonard:** It just stays with the deed. As a condition of the sale, the purchaser has agreed to notify the Portland development commission of any future sale.

**Adams:** Fits in the need the escrow company would be required to notify the new seller of the expectation to contact p.d.c.

**Leonard:** My recommendation is before i'm -- I guess my suggestion is before I can accept this recommendation, you agree that we'll change the process so you'll be notified as part of the sale of the property from the original purchaser to new purchasers such as this. I need you to agree that's something you'll do, put in the processes.

**Hack:** And I would look to my legal counsel. To the greatest degree we can legally do, that most definitely. We'll make those adjustments.

**Sten:** Why don't we bring back -- i'm nervous about creating a legal mechanism on the fly. Let me work with p.d.c. and come back with a strong recommendation.

**Hack:** Certainly.

**Sten:** I might try my thought a different way. Which would be that I am inclined based on the testimony and the fact and all of the issues, and I think negligence on the city's part in terms of how we argued this, to not seek any retroactive taxes from any of the parties, and to extend the

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abatement for the two or three years until it's in and for the two units of the mother and the disabled daughter, and I would -- if that was something other people agreed with, I don't know if it is, I would ask the city attorney to find the best way to do that.

**Leonard:** What about the third --

**Sten:** I'm not convinced on the second home.

**Leonard:** Ok.

**Sten:** I can suggest different ways to do, that but maybe the attorneys can just --

**Rees:** I'm not sure what you're asking. If you want on the particular resolution you have, you can simply strike through the terminations for those two appellants who showed up, and you can strike those through. The only concern I have is simply making sure that it's clear on the record. We're going to have -- during the terms of some of these abatements, additional sales. It's not -- it was not clear to those two people who are buying, even if they would have gotten that notice, I don't think would it have been clear to them what owner occupied meant, and so i'm not sure the notice you're talking about would have necessarily solved the problem.

**Sten:** I think all future sales need to have something that makes it clear. It needs a definition of owner occupant that in the future will not include relatives, even if they are in a deserving circumstance, and I think also you just have to balance these decisions based on the totality of the evidence. I think the fact that the council is having a hearing, debating these things, would weigh me to be less sympathetic next time around. I can't come up with any theory by which folks who put income qualified relatives in there which is a natural extension of their family would have known this. I think if it does come up again, I think there's more of an argument, more of a record, but we need to take stronger steps.

**Leonard:** And I would say -- I agree, only I would want to make it clear I think in both cases the case of ms. Mccarthy and mr. Robertson simply how the sale was conducted. That is, had they purchased the property understanding what the conditions were, understanding -- in other words, ms. Mccarthy may have put the condo in her mom's name, and lent her the money, and mr. Robertson may have taken the kinds of steps so he was actually acting on his daughter's behalf, I think they would have qualified on their own that way. So I guess maybe out of this if something comes in and wants to engage in that same kind of a transaction on behalf of a parent or a child, we could be prepared to help them do the kinds of things. Because I wouldn't want to prevent this kind of thing where a daughter is trying to help her mom and a dad is trying to help the daughter. I would not want to prevent that from happening. I don't think in these cases it would have been if they had taken other legal steps in terms of the relationship.

**Rees:** With that clarity, if what you're suggesting, fits council's desire, what you would do is subtract the -- those who you wish to grant the appeal and then -- a resolution as to the others I would suggest the motion include clarity about retroactivity. Because that is not clear in the resolution.

**Leonard:** That's in resolution 1420.

**Sten:** I would move to amend the resolution in front of us to strike --

**Leonard:** Which number are you on? 21?

**Sten:** I would move to amend item 1421 to strike property account r 168098, which is 10345 northeast clackamas street number two, robertson, and to strike 1134 southwest jefferson unit 409 from the units that are listed as having a tax abatement rescinded, and to add a paragraph to the resolution that says, and be it further resolved the council will not seek retroactive payment of tax abatements.

**Potter:** Which of these two properties at 103rd and clackamas are you referring to? I only thought I heard discussion on one.

**Sten:** Unit 23 is the one.

**Leonard:** What's unit two?

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**Sten:** They did not show up.

**Leonard:** Oh, that's a different --

**Potter:** Could you explain --

**Sten:** Unit two is the one I put in my motion. 23 did not show up.

**Leonard:** What's unit 23?

**Potter:** Which unit are we discussing?

**Johnson:** Unit 23 said she was coming to appeal, she also has a disabled child that lives in that unit, but she has not appeared today.

**Leonard:** Are you familiar with the case?

**Johnson:** I have talked to the lady that owns it.

**Leonard:** Are the conditions similar to that in unit two?

**Johnson:** Yes.

**Leonard:** Would you think we're going to agree with unit two, we would do it to unit 23?

**Johnson:** Yes.

**Leonard:** I'd like to include that.

**Sten:** I would take that as a friendly amendment to my motion.

**Potter:** What about unit number four listed at 737 northeast 99?

**Sten:** It's the second home. I'm not including that in my motion.

**Sten:** Nobody pays back taxes. I think it's the city's mistake. But all of the property listed in this resolution, there's over 50 of them, would be required to start paying taxes on the schedule outlined in this resolution, other than the three we just lined up. And my working assumption is this was duly notice and if somebody did not come to this hearing with the exception, nor did they send in written -- the other 46 properties sent in no written remonstrance and did not show up, so I can only assume they accept the finding that they should be paying the taxes.

**Rees:** Commissioner Sten, might I suggest language for the retroactivity? Your second paragraph?

**Sten:** Absolutely.

**Rees:** Now therefore be it resolved -- this is mirroring the language of the statute in our code. Be it resolved noncompliance will be deemed to have occurred as of the date of this resolution. That would take it back to July 1 so it would be the 2007-2008 tax year they would start paying.

**Sten:** There's no objection, I would substitute the council's language for mine.

**Leonard:** Second.

**Potter:** We're voting on the motion to amend.

**Leonard:** That's the main motion. Do you want to submit it?

**\*\*\*\*\*:** What was your motion?

**Leonard:** We just did a friendly -- I seconded it, but we add the the third property, and your --

**\*\*\*\*\*:** I may have in written --

**Sten:** I think we have my --

**\*\*\*\*\*:** We now have three properties.

**Leonard:** Did you write down the motion?

**Rees:** I'll try and repeat it. The motion is to remove three properties from exhibit a, one is unit two of the gateway condos, r 168098, I believe the other was unit 23, Katherine Wells, and the third was Ms. McCarthy's in account number r5 02256 and secondly moved to substitute the now therefore be it resolved that has been read into the record.

**Leonard:** Yes.

**Adams:** Second.

**Potter:** What was the 99th -- is that the same as the other three?

**Leonard:** It doesn't retroactively pay --

**Potter:** Were these mentioned?

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**Rees:** No. Mr. Ropp will be in the same position as all the other people on the list, which is none of them will be paying retroactively. They'll begin with the 2007-2008 tax year.

**Leonard:** It's actually erik's motion, I seconded it and it's simply -- it is just as linly stated, the main motion. We're forgiving retroactive property taxes on everybody, three of the properties, two on clackamas, one on jefferson, are not going to be required to pay prospectively.

**Potter:** Further discussion? Calling the vote.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded]

**\*\*\*\*\*:** Now we need to vote on the resolution itself.

**Potter:** Please call the vote on the resolution.

**Adams:** Aye.

**Leonard:** I'm really happy that -- there's this bigger picture this is happening, and i'm very pleased with it. I really do see a different approach on just the general submit of abatement and accountability checks and balances, and I recognize it's coming out of p.d.c. As well, and I want you to know I appreciate it and I acknowledge it. I've been on you for some time on some of these issues and I think it's only fair when you're fully doing the right thing and getting it done and trying to straighten it out from this point on to acknowledge that, and I do. I greatly appreciate it. Thank you. Aye.

**Sten:** I want to thank p.d.c. This is hard work to go back, especially when some things you weren't here for happened. And I think you did a good job, and it's hard to go back and tell people there was a mistake and they need to start paying taxes, even if they -- I think often people think, i'm losing something when in fact for most of these folks they've probably gained something they probably shouldn't have got. So it's a fair result. And I think it's more appropriate for the council to interpret the situation in the way we have, to give help to people who entered into this in good faith. So I think it's a good result, and hopefully we won't have this happen again, and I think one of the things that will keep happening, I think it's part of what commissioner Leonard is saying, is that as the housing markets change, we need to change these programs. Part of what happens with government programs is they get put in place, and for 20 years they continue to assess whether or not they make sense. So part of what's going on is we are trying to update these programs more regularly, and if we do that, which is the right thing to do, we'll always have case where something is a little off, and I think that's why council needs to interpret these things. Aye.

**Potter:** Aye. [gavel pounded] please read item 1422.

**Item 1422.**

**Potter:** Folks? Please proceed.

**Andy Wilch:** Yes, sir. Thank you. Andy wilch, p.d.c. I want to note very quickly the general requirement the for the program. They are must be newly constructed single unit located in a home buyer opportunity area, must be owner occupied. Must be purchased by a household at 100% of median income for a family of four or less. Buyer must sign for recording a subsequent home buyer deed, home buyer notice. And the other one is about building permits. So those are the specific requirements. On the seven properties, seven owners.

**Ann Johnson:** We have two sets of properties on this resolution. The top three are existing tax abatements that are looking to roll over to the new owner. All of these had subsequent home buyer notices filed on them, so people should have been aware at the time they purchased, that they needed to contact p.d.c. in order for that to roll over. We did hear from one of these homeowners, however, they are over income. So they are not eligible. The other two homeowners, though we have sent them multiple letters requesting income information, have not contacted p.d.c. So we're terminating these abatements, as it does not appear these people qualify. The other four in the other category, these are subsequent buyers where the original owner did not apply for the limit the tax abatement. In the past we have just used the two-year rule, which means two years after the final

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permit people had two years to apply for the tax abatement. With all of our conversations with Multnomah county, reading the statutes carefully look at the actual intent of the tax abatement laws, which is basically to stimulate development, it was determined that the -- it needed tonight original owner who applied for the tax abatement. So after about the middle of June of this year we have not been approving subsequent buyers where the original owner not apply for the tax abatement, even if they were income eligible.

**Sten:** So the original owner was paying full taxes.

**Johnson:** The original owner was paying full taxes. Some of these they didn't own them for very long, so they may have only owned them the first year where they there wasn't an entire tax bill on the new construction house. So -- but at this point these properties all have full taxes on them.

**Leonard:** What were the purchasers told when they purchased the properties?

**Johnson:** Many were told because it was in the two-year rule, which was the understanding that was out in the community, that we still approved people as long as they were within that two-year period, even if they were not the original owners, but they would be eligible.

**Leonard:** They were told by p.d.c. staff?

**Johnson:** P.d.c. staff told some of these people that, because that's how we operated. The county, we were having discussion with the county, it was determined that was probably not the correct procedure, and so we have now corrected that. If people call now we tell them subsequent owners cannot apply. These four people applied in that kind of gray area between when the decision was made to only accept original owners and when that has become a public policy.

**Leonard:** It's the four people who have appealed here today?

**Johnson:** Yes.

**Leonard:** The house on Boise, Hareny, Nash, and New Haven?

**Johnson:** Yes.

**Leonard:** You acknowledge they were told that they qualified, but then subsequent to that there were other discussions where that became --

**Johnson:** Yes.

**Leonard:** Ok.

**Sten:** They are income eligible?

**Johnson:** They are all income eligible. They all would have qualified had they not been the subsequent buyer. We stopped in June, went back through our records to look to see if we had anyone in the process who was a second buyer, because we were told to quit approving them, and these were the four people that came through that process.

**Leonard:** Would you characterize these folks being caught up in a technicality, not of their own make something.

**Johnson:** They're not trying to defraud the system by any means, or do something that we would have considered inappropriate. But it's when the focus of the tax abatement came more on the fact it's a development tool, which comes through the state statute, that is what the statute has it set up as, it was determined only the original owner should be income eligible. All of these people bought in the correct price range and they're income eligible.

**Sten:** That's an interpretation -- can that go either way? If I recall, since I sponsored the legislation, I think I might, if council passed a package of legislation designed admittedly knowing this was built as a development tool, to limit it and focus as a first-time buyer development tool.

**Johnson:** Not necessarily a first-time buyer, but it is income restricted and it is price restricted trying to look at low and moderate income homeowners.

**Sten:** When this was passed it was a state program that allowed the city to abate taxes in distressed areas in order to fix them up. And from three years ago I brought a pack ak to the council where I said essentially in my opinion most of these areas are fixed up. So giving away taxes in order to get construction is not a good city use, but we can shape these programs completely under the statutes

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that are there to limit them only to houses that are not a bob vila a certain price point, so what we're doing in actuality is using a development program to try and get more moderate price people into areas that are more expensive. So that's what we've been using. So it does appear these are completely consistent with the council's intent.

**Johnson:** With our discussions with the county we have agreed we will not approve anyone except the original owner. That was negotiated between p.d.c. and the city and numerous other people. So these four people were caught in kind of middle area before that really became a codified agreement.

**Sten:** Is the 10-year abatement if. This were allowed, it starts with the original owner?

**Johnson:** No. They would start -- abatement -- in single family the abatements start whenever the person applies. So it's not like these people can only get six years because somebody else had it for four but didn't get it. In the transit oriented and the multifamily it will entire project gets it at one point and so if somebody buys later on they only get whatever is left. That's not true in the single family.

**Leonard:** It sounds like these folks got caught in the lurch. Basically on representations you guys in good faith represented, but later the conditions were changed. So I would be fine with us fixing these basically on your recommendations.

**Johnson:** Going forward the limited tax abatement is going to change to where the builder does need to apply before the house is done, and the original owner will have to apply as soon as they buy it. So this should not happen going forward. The builder has to initiate it. If it turns over to someone who isn't eligible we're going to take it off.

**Sten:** I would put a motion on the table in the interest of time to strike all four of these homes from the list that will have a tax abatement taken away. I would be willing to say in support of this that while I understand the technical argument the county is making, and I understand in the future we won't do this, in the late rounds of this negotiation I spent a significant time conversing with chair wheeler about what their intention is, and i'm very confident in stating that his intention was just to make sure that the programs got to moderate income families who needed help buying a home. And i'm actually not even in complete agreement that the way this is moving forward is exactly what was in the spirit of that conversation. I'm reasonably confident the county board would agree on these four based on my conversations with him.

**Johnson:** Personally I would be -- [inaudible]

\*\*\*\*\*: I agree.

**Margarita Molina:** We have prepared a substitute resolution that grants the applications the four and terminates the three. We have that --

**Sten:** In that case, mr. Mayor, would I withdraw my amendment and propose substituting the resolution.

**Potter:** Do you have a copy of that?

**Sten:** Yes.

**Potter:** Is that your new motion?

**Sten:** Yes.

**Leonard:** Second.

**Potter:** Call the vote.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded]

**Rees:** Mayor, it's my understanding that because you now have the new issue on the table, there may be one or more persons here to testify. You may choose not to, but --

**Potter:** You're absolutely right. One person.

**Moore:** Jesse flag.

**Sten:** You have won, so it might be --

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**Leonard:** All you can do is go backwards from here. [laughter]

\*\*\*\*\*: [inaudible]

**Potter:** Is there anybody else here who wishes to testify to this matter? Ok. The vote stands.

**Leonard:** Did we actually vote on the resolution or just vote to substitute? I think -- we need to vote on the resolution now.

**Potter:** Please call the vote on the resolution.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** Aye. [gavel pounded] please read the 2:45 time certain.

**Item 1423.**

**Potter:** Thank you. This was actually supported by all five members of the council. Did anybody wish to make any opening statements? With all my -- if you folks, if you're not here for this one, if you could go outside with your conversations, we'd appreciate it. All my colleagues on council, i'm delighted to introduce next item, the small business bill of rights for the city of Portland. Small businesses and small business owners historically have not had their voices heard loudly. This document improves the role small businesses play in our city. They're the backbone of Portland's economy, in Multnomah county alone there are over 20,000 small businesses that employ over 125,000 people. The pay off of 1.1 billion. Of these almost 13,000 are microintersurprises with five or less employees. It is with small and microbusiness that women and minorities are able to break into their own economic enterprises. It's imfoss overlook their contributions to our city and their vital role in breathing life into our neighborhoods. They build community, strengthens that diverse fabric of our community. This bill of rights reflects a common vision for our city, shared not only amongst businesses themselves, but amongst all Portlanders. I know we'll hear more about the importance of this resolution and how it came about, but since all five commissioners are cosponsoring this legislation, i'll give each of them a chance to speak before testimony begins, beginning with commissioner Adams, whose office also work order this.

**Adams:** Thank you, mr. Mayor. The partnership between our office is to get this done I think was - - serves well to small businesses in Portland, and this resolution does reaffirm the importance of small business in the city of Portland as well it should. We know that small businesses are particularly vulnerable to the economic and policy fluctuations that small business bill of rights will establish clearer commitment to the success of small businesses in our community. Like our federal bill of rights, it does require a two-way responsibility. It will -- in the process of doing that, the bill of rights helps to outline what that two-way responsibility is. I'm committed as I know my colleagues on the city council to doing everything we can do to make sure that the success of small businesses are assured with our policy and management decisions. I want to thank in addition to my colleagues on the city council, kevin easton and the mayor's office, jennifer, jordan from p.d.c., and of course the great small business advisory council leadership, jackie, ken, chuck who are with us here today for your hard work and leadership over many years. And to the rest of the committee and the wider small business community for your support of this effort. And we have some invited testimony, unless someone else wants to make opening comments. Can we have Jackie babiky, ken turner and chuck jones? Chuck, you're looking very patriotic today. [laughter]

\*\*\*\*\*: You ought to see his t-shirt. [laughter]

**Jacqueline Babiky-Petersen:** Thank you mayor and commissioner. We really appreciate being here. Actually were delighted to be here today. To introduce my self, my name is Jacqueline babiky-petersen and I work as the director of finance administration for yellow color house, which is a local small start up business. I currently chair the small business advisory council and I have been a portland business owner since 1976. I am totally steeped in the issues of small business. Before I begin I'm going to introduce my colleges from the small business advisory council. Ken turner is the vice chair of the small business advisory council and chuck jones is a member of the small business advisory council cost of doing business committee. And that's our group that really



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did what I call the heavy lifting on our bill of rights. We also have quite a few of our other sba members present if I could just take a second and have them stand up and maybe say hello and introduce themselves. John Bradshaw, marty Medeiros, Josiah Whitman, pat Lawrence, ethan dunham, mark hope, joe critchfield, and john cologne, did I get you all? There very hard working group for the city of portland and the small business interest. They put a tremendous amount of time and energy into this process. So they say.

[captioner change]

So as I say we are very pleased to be here today and we see the resolution before you of a wonderful example of the way that businesses and the city can work together to develop and articulate ideas that are in the best interest of our entire community and of our economy. The sbac as you know was created by ordinance, city ordinance, only five years ago. And we were charged at this time with speak for the interests of the very large and extensive, important and many times voiceless population of small business owners in our city. And over the time we have been in existence we have worked with each of you and your offices to give you input and feedback on your proposals, and we have also made proposals ourselves on programs and policies that we believe will strengthen our economy by making small businesses more profitable, more successful and more sustainable. And we know that small businesses create jobs and the best, that's the best way for us to have a vibrant economy here in Portland, have one that creates and maintains jobs. Over time we began to realize there was not a central framework by which to evaluate, develop, or review programs, proposals, and ideas that would help strengthen small business. There wasn't a central set of guidelines or guiding principles to determine if an action would help make a difference or not. Finally we determined one way to strengthen the voice of small business was to develop this bill of rights, which would be such a set of guiding principles. And so the resolution that you have before you is the result of our very hard work to articulate what we see as the rights and needs of small businesses in the city of Portland. So ken is going to share with you our process on developing bill of rights.

**Ken Turner:** Thank you. And it is, it's a real pleasure to be here. I'm going to throw a curve into what jackie led up to my speech about the process coming up to this. I think there's something else happening. Probably as important, if not more important, than the process we went through. And that's what we're seeing today. That there actually is something that you folks, you commissioners, can agree with small business people, and we have worked together for the last year or so on these issues. I can go down through the council, individually, and thank you for the efforts. Erik, early on in the process, we set down with him and he said, you know, you got to be careful with a few things. We changed those. Randy, through your del generals and your strong leadership, you have changed a couple of these items to strengthen this process, to strengthen the bill of rights and we appreciate your help tremendously. Sam, from the start, from the start, you have been, you have been a booster of this, a leader in getting things, ideas channeled. Kimberly, your staff person, has been wonderful with this and we appreciate. We appreciate this. And then mr. Mayor, i'll tell you, I don't know what -- I don't know what to say. We came down to the last round with everyone. And it got to your office, and you started commenting. And some of the greatest comments that probably ever come out of this building about what we can do with these bill of rights to make it, to make it palatable to all from the implementation from the city standpoint and from a standpoint that business community understands it, and it didn't lose meaning. Words are words. It's implication, it's the meaning. Sometimes it's the end of the journey and not the way we get there. And I think that this is a great day for all of us. It may shed some what, and I say somewhat, the image that the government of Portland cannot work with the small business community. I think this is a good indication, and true testimony that it can, in fact, work together, and sustain this great city that we're all proud of.

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**Chuck Jones:** Tough when you're third. Especially after Mr. Mayor and the commissioners have said most of what I was going to say. Mr. Mayor and commissioners, again, thanks for considering this. I will talk a little bit about the process. It has been a year, year and a half we have gone -- when I say we, members of sbac have gone throughout the community talking to numerous business organizations. And to individual business owners. You can see the list in the back of the pamphlet of the groups that have endorsed the small business bill of rights and all their boards have unanimously approved those, plus there were over 300 individual business owners that have signed that. You know, passage of this, I feel, will be an additional step to the one you did earlier this year of lowering the business income tax. We now have a second indication that Portland is open for business, and going to be business, small business friendly. And I think that sends an incredibly great message. Not only to this community, but to the state. The small business bill of rights, excuse me, came out of the state of Maine, actually was the first state to pass a bill within the past few years. And as an ex officio member of the governor's small business council, I have given them copies of what we have been proposing here. And they are hoping to have a similar bill passed in February. And so I think it is really neat that the city is going to do it before the state even gets a chance to. So I thank you for acknowledging how important small business is to our overall economy here in Portland, as well as in the state of Oregon. I didn't introduce myself at the beginning but Chuck Jones, and I have been a small business owner in the city for, since 1983. I have started several companies, just started another brand-new one. And so I'm obviously a great believer in small business and it is nice to be able to say that, you know, Portland is business friendly. Thank you.

**Babiky-Peterson:** In addition to the points made by Chuck and by Ken, I want to make sure that it's recorded that each of you and many other fine people within the city bureaus, the sbac works with the city bureaus quite extensively. And we have got some outstanding people who have helped us. And been very active in developing this bill of rights. Just to name a few, Susan Vara, Sue, Jeff Baer, Dan, Sue Keel. I can't imagine what we would do without their effort. And certainly as I say people from your offices, Brendan, Jim McDowell, Erin, Kimberly, Kevin, they have all been tremendous help to us. And always, I don't think we could survive without Jennifer and Jordan Wheeler. This is as I say a truly collaborative effort between business and the city government to create this bill of rights. I would like to finish up and share with you what we plan to do with this document now, since we're hoping to move it forward today. So internally as we go forward, we plan to use it as a basis for our decision-making. So when proposals are brought to us, you know, and you ask for our feedback we will look at them within the context of what is here in the bill of rights. So, you know, when we respond and give you ideas back, you might very well find them couched in the language of, as we see within the bill of rights, this, this, and this. You will see us using that kind of language. You also know that last year, we created our own action platform of things that we, principles and actions that we thought would help small business. And we're working on our platform for 2008. And, you know, the bill of rights again is going to be giving us guidance. So when we come and present that action platform, you will hear us speak, you know, about that platform and again how it integrates with what we have got written in the bill of rights. We also plan to use the document for continued outreach to the community. When we have testified before you before, we have told you how seriously we take our charge that, you know, we got from you to be one of the voices that speaks for, you know, the large population of small businesses. And so we work very hard to communicate out, to communicate to the small businesses, and as we said, we have got a lot of people who have ratified, if you will, our bill of rights, who signed up for it. And we plan to continue to take it out to the community and talk with people and share with them and let them know, you know, that there is this set of guiding principles that can unify the voice of small business throughout the Portland community. So I am going to say again my goal with all of this for a long time has been this. That when you or another public official asks a small business, what

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can government do for them? I know you do this a lot. What can we do? How can we help you? How can we help make you more successful? My goal is a business will say to you three answers. Their first answer will be, this is what my business needs. Their second answer will be, this is what my neighborhood or my industry needs. And the third answer will be, but this is what all businesses need and they will be referring back to our bill of rights document. And that's how we really would love to see it be used. So we hear by request a yes vote from each of you in support of our resolution and we thank you very much.

**Potter:** Thank you very much, folks.

**\*\*\*\*\*:** Questions? Ok.

**Potter:** I think we have three other folks coming up.

**Adams:** Gale, gene baker and john bradshaw who is wearing the best tie in the room. [laughter] at least the colors are most appropriate. Wouldn't you say, kim?

**Potter:** Good afternoon, folks. When you speak, please state your name for the record.

**\*\*\*\*\*:** Go first.

**Gale Castillo:** I'll go first. Good afternoon. My name is gail castillo. I am a small business owner and also president of the hispanic chamber, as I think you know. The hispanic chamber as you know is one of the largest chairmans in Oregon with over 750 members. Our mission is to work with all members of the community to support the economic advancement of latino-owned businesses. We address our mission by helping hundreds of latino businesses each year to identify contract opportunities, to identify sources of capital, access business information, meet the requirements of city agencies and bureaus. As a result, hundreds of latino businesses have increased their revenue, increased the amount of taxes paid to the city of Portland, increased the number of employees that live in the city of Portland, and increase the amount of products and services that they are buying from other small businesses. The hispanic chairman urges the city council to recognize the importance of small businesses in Portland, including latino businesses. We urge the city council to demonstrate its support of small businesses by endorsing the small business bill of rights. Small businesses are the backbone of Portland. And the bill of rights speaks to the need for the city council and the city bureaus to consider small businesses when developing policy or implementing programs. Specifically the bill of rights would support better access to information for small businesses, support access to capital for small businesses, prioritize funding for fire, public safety, parks, and infrastructure, which helps sustain small businesses. Communicate the importance of streets and roadways to support the movement of goods and services for healthy enterprise, and encourage a taxation and fee system that supports and encourages small businesses. We urge you to send the message that Portland is indeed open for business. And that you will do all that you can to start, grow, and sustain small businesses in Portland. Thank you very much.

**Jean Baker:** After that, I am speechless. Well, not quite, actually. [laughter] i'm jean baker, currently of the president of the alliance of Portland neighborhood business associations. And we, our job is to support the business districts which exist in all of the commercial corridors outside of the main part of downtown. And we are very much in favor of the bill of rights. And three of the things that came to me, we did the vision pdx adventure. And we went around and talked to every one of our business districts and three of the things that are on the bill of rights right ones that came up in the business district versions for the future. One of them is that the city will continue to work with us, that the transportation will manage the freight movement problem; and that the impact of densification on jobs and businesses in the commercial corridors will be considered every time there is some kind of change being proposed for them. I do urge you to approve this. Thank you very much.

**John Bradshaw:** Thank you, mr. Mayor, thank you, commissioners. My name is john bradshaw. I am the owner of Portland transmission warehouse over at 1016 s.e. Hawthorne and this may we

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will be a 70-year-old, third generation distribution company. We distribute transmission auto parts, a clean industry. I represent not only my company today, I represent sbac and I have been asked to speak for the central east side industrial district and council that I have been involved in for the last 25 years. I do not want to be repetitive or redundant. Some very eloquent things have been said about this. I sincerely appreciate your support for this resolution and ask for your vote in this regard. I will just simply add some facts that I learned from Harry Dewolf, the s.b.a. Director and administrator for the city of Portland this week. And some of them have already been mentioned. Small business represents over 80% of all the jobs in the state of Oregon, and in the conversation with one of you this morning, found out that's illustrative of the same thing in the city of Portland. Oftentimes we are confused with big business. We are dramatically different than large business. And we represent basically 255,000 jobs as employee status in the city of Portland and over 53,000 businesses in Portland and when you act for small business today, you are acting for them. One of the things I want to leave you with when it comes to the situation with the difference between large business and small business, of small business, please keep in mind is a -- a type of organization that basically is a high-risk organization that basically fights for survival every day and every week and every month of its existence, and I don't know any of us that are in this room or representative of small business that have a golden parachute. Thank you very much.

**Potter:** Is that all the folks that have requested? How many folks have signed up to testify?

**Moore-Love:** We have five left.

**Potter:** Ok. I have an excused absence at 4:00 and I think commissioner Adams does as well. Would it be possible, is there anybody here that is opposed to this small business bill of rights?

**Adams:** I dare you to stand up. [laughter]

**Potter:** I really want to vote on this and with five more people, we will be past my time. Would it be possible and is it under the rules acceptable to the council members as well as the city attorney's office to take a vote now and hear the rest of the testimony so that I can vote before I have to leave?

**Beaumont:** Yes. [laughter]

**Potter:** I like that opinion. Could you put that in writing for me?

**Adams:** That was a long pause.

**Leonard:** Shortest answer ever by a city attorney.

**Potter:** Can we call the vote and then we will hear the rest of the people. I know they came to testify and I respect that.

**Adams:** Aye. **Leonard:** Aye. **Sten:** Aye.

**Potter:** I just want to make a few comments. I mean, this is I think a stellar day for our community. But you know, when we bought the results from the vision pdx, it clearly indicated that Portlanders have overwhelming, overwhelmingly common interest in the growth of our small business. They want to see an increased effort to expand our local businesses and that they want to be able to walk or bike to their local small businesses. Those three messages came out very clearly, and I think they are reflected in this bill of rights. And I want to say thank you to the sbac and all the folks who worked on this, to commissioner Adams and others on this council for their leadership and I am pleased as punch to be able to vote yes. [gavel pounded] now we will continue with the testimony. And if we have to get up and leave at 4:00 please don't take it personal. Please called next three.

**Stephanie Stephens:** I'll make it quick. Stephanie Stevens, project manager of vision pdx and mayor Potter, you stole a lot of what I was going to say.

**Potter:** That's good.

**Stephanie:** Yes, the not only did this come out very strongly in the vision data from businesses but from the community as large. And one of the top values for our community is community connectedness and distinctiveness and we know it's an environment that allows small businesses to

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thrive that really creates the Portland we want. Now and in the future. Small business owners are really the unsung heroes in our community. So I'm here to support them.

**Dan LaGrande:** Dan LeGrande, a small business owner in northeast Portland. And here today as a board member of the east Portland chamber of commerce. I think you said it well already but I want to reiterate how important this is to the east side small businesses. There are about 14,000 businesses on Portland's east side. 95% of those are small businesses, 50 or under. And of those, about 4800 have an average of 15 employees. And even more surprising, about 8,000 average two employees each. So they are truly small businesses, and that is the profile of Portland's east side. And we are very gratified we are supporting this measure and thank you very much.

**Frank Ryan:** I'm Frank Ryan and I am a small business person. I represent the northwest senior and boomer news and eagle newspapers. I also am affiliated with the east Portland chamber of commerce, the midway business association, and I have the rare pleasure of belonging to the Gresham chamber as well. I am here today to thank you very much as a body, Mr. Mayor and commissioners, for working with the community. And I am also thankful that our east Portland chamber was involved in this process and was able to contribute. I was one of the independent citizen folk who signed on the dotted line to support this whole process. I worked in the past as an advocate for civil rights in the '60's, later on for business rights and with various chambers throughout the northwest, the Columbia River water way system. So this, for me, is a great element in that it helps seniors because we have. Of our readership in our paper, 12% are seniors who either own businesses or affect business decisions. So this also affects our minority group, which now is actually becoming a majority because in some realms of the city, over 40 to 50% of the people are over the age of 55. So it affects us and from our readership base, we are very thankful so again I thank you and I thank you for your vote and I look for this to be a platform from whence more great accomplishment which come in a time when we have had a lot of criticism of the city and county, this is a great opportunity for us to bloom like a flower and expand the small business and general business relationships and process and profitability, hopefully.

**Potter:** Thank you, folks.

**Potter:** Folks, thank you for being here. When you speak, please state your name for the record and you each have three minutes.

**Mark Hope:** Thank you, Mr. Mayor, fellow commissioners. My name is Mark Hope. Owner of a company called tire disposal and recycling and I moved the business here to Portland three years ago from Clackamas. And I want to say that being in north Portland it feels like a really good place. I wanted to just kind of recognize the fact today that this is a really premier event, I think, of coming of age that small business is recognized for what it really does contribute to the community and the people pay attention and know that it exists. I think we all know, in fact, SBAC, as a member of SBAC we were given a presentation on green light initiative, talking about big business and plenty of things and economic development going on for big business, the questions are always asked how many people do you employ? It's kind of a litmus test. If you don't have large numbers, then, perhaps, you know, the resource base isn't there, what have you. But I think today's effort really is that premier event. Finally recognizing the coming of age of the sense of importance of small business to the vitality and not only livability, but also the economic vitality of a community as well. Thank you very much.

**Debbie Kitchen:** I'm Debbie Kitchen, co-owner of Inner Works general contractors in northeast Portland and also chair of the small business council of the Portland business alliance. The Portland business alliance has over 1,000 members who are small members. We want to commend you for the support today shown for small businesses. And pledge our support in as the Portland business alliance and the small business members in working with the city to try to make a better environment for small business for the innovation, the jobs, and the community that small business can contribute to.

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**Potter:** Thank you very much. Thank you. Is that it?

**Moore-Love:** That's all who signed up.

**Potter:** Ok. Anybody want to make any closing comments?

**Adams:** I just wanted to recognize in the last two and a half, three years working with sbac and others, we've done a lot, we have done a number of things to improve or seek to improve the environment, business climate, including this council has provided ongoing funding for the full-time staffing of the association of Portland neighborhood business associations. When the transportation system development charges came up, we held the line in terms of keeping the rates flat and we removed some terrible inequities that did not provide east Portland with kind of resources that they need and deserve for transportation. The small -- the business license fee reform that this council enacted was specifically aim would at reducing the tax burden on small businesses. Just yesterday, this council reformed our business tax yet again to remove some technical glitches that prevented venture capital firms from locating in the city and therefore that distance between our small business and venture capital firms, that barrier has been removed. And on the safe sound and green streets initiatives, a piece coming in the bill of rights establishes a mitigation fund for transportation construction mitigation for neighborhood business, neighborhood businesses if that package moves forward. So I think this is just a great way to top off the year. Thanks.

**Sten:** Well, I guess I would say thanks as well. It's been fun working with you and you look so unified. People would think it was easy to get you all to agree. [laughter] so that's impressive as well. I mean, we never even pull off that. The five of us. I think this is really important and I think Ken said at least for a while it looked like we were working together and I think it has been for a while that we are working together. And you are Portland, really. I don't know what else I can say.

And we need to make sure you have the tools you need and part of what happens I think over time is that the organization isn't there, and so the voices that come in are very different. And so one of the things that happens at the council, some of you recall, years ago, when we first started to look at trying to change the business income tax and we had a plan, and a different group of businesses came in and killed it. We got another plan and so it is very hard to make these things work. And so the result is the status quo which doesn't work for anybody and I think through your organization you have been able to help guide us and certainly been patient in listening to the other things we have to say and represent. And I think we have off to a good path. And I have to tell you we just got the forecast yesterday. And the city's budget for next year is up dramatically, primarily because we are collecting \$10 million more of business income tax. And we only collect business income tax when people make money. And so that's very good thing. And keep up the great work.

**Potter:** Thank you, folks, very much. We have a 3:45 time certain but that has been rescheduled until december 5th at:45. Do you have to read it into the record?

**Moore-Love:** Accept state of the river report.

**Potter:** Been rescheduled december 5th, 2:45. We have adjourned until next week. [gavel pounded]

At 3:57 p.m., Council adjourned.