



CITY OF
PORTLAND, OREGON

OFFICIAL
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **24TH DAY OF MARCH, 2010** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, and Saltzman, 4.

Commissioner Saltzman arrived at 9:33 a.m.

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

Items No. 402 and 403 were pulled for discussion and on a Y-4 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS	Disposition:
386 Request of Randy Toole to address Council regarding activism and social justice (Communication)	PLACED ON FILE
387 Request of John Blair to address Council regarding activism and social justice (Communication)	PLACED ON FILE
388 Request of Thomas Patrick Allen to address Council regarding activism and social justice (Communication)	PLACED ON FILE
389 Request of Jason Barbour to address Council regarding activism and social justice (Communication)	PLACED ON FILE
390 Request of Lew Church to address Council regarding activism and social justice (Communication)	PLACED ON FILE
TIMES CERTAIN	
391 TIME CERTAIN: 9:30 AM – Accept the audit of the Comprehensive Annual Financial Report of the City of Portland for FY ended June 30, 2009 and the related Communications with Those Charged with Governance letter (Report introduced by Auditor Griffin-Valade) 15 minutes requested Motion to accept the report: Moved by Commissioner Fish and seconded by Commissioner Fritz. (Y-4)	ACCEPTED

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CONSENT AGENDA – NO DISCUSSION		
Mayor Sam Adams		
392 Appoint Joshua Harwood and Katie Larsell to the Community Budget Advisory Board for terms to expire December 31, 2011 (Report) (Y-4)		CONFIRMED
*393 Authorize Intergovernmental Agreement with Multnomah County related to the SUN Service Coordinating Council (Ordinance) (Y-4)		183619
Bureau of Planning & Sustainability		
*394 Authorize an Intergovernmental Agreement in the form of a grant not to exceed \$7,500 to the Social Equity and Opportunity Forum of Portland State University College of Urban and Public Affairs (Ordinance) (Y-4)		183620
*395 Accept a periodic review grant in the amount of \$83,000 from the Oregon Department of Land Conservation and Development (Ordinance) (Y-4)		183621
Bureau of Transportation		
*396 Authorize an Intergovernmental Agreement with the Oregon Department of Transportation for streetcar construction and maintenance on ODOT facilities for the Eastside Streetcar Loop Extension (Ordinance) (Y-4)		183622
397 Grant revocable permit to Willamette Week to close SE Belmont St between SE Martin Luther King Jr. Blvd and SE Water Ave; SE 3rd Ave between SE Yamhill St and SE Morrison St; and SE 2nd Ave between SE Yamhill St and SE Morrison St from 7:00 a.m. to 11:59 p.m. on April 24, 2010 (Second Reading Agenda 361) (Y-4)		183623
Office of Management and Finance – Human Resources		
*398 Create ten new Nonrepresented classifications in housing-related occupations and establish compensation rates for these classifications (Ordinance) (Y-4)		183624
399 Create a new Nonrepresented classification of Principal Treasury Analyst and establish a compensation range for this classification (Second Reading Agenda 364) (Y-4)		183625
400 Create a new Nonrepresented classification of Vehicle Services Administration Supervisor and establish a compensation range for this classification (Second Reading Agenda 365) (Y-4)		183626
Office of Management and Finance – Internal Business Services		

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*401 Pay claim of Cassie Benjamin (Ordinance) (Y-4)	183627
*402 Award a contract with ACS State and Local Solutions, Inc. for red light camera system at approximately \$750,000 per year for a contractual cost not to exceed \$3,750,000 (Ordinance)	CONTINUED TO APRIL 7, 2010 AT 9:30 AM
*403 Award a five year contract with ACS State and Local Solutions, Inc. for photo radar system at approximately \$750,000 per year for a contractual cost not to exceed \$3,750,000 (Ordinance)	CONTINUED TO APRIL 7, 2010 AT 9:30 AM
Commissioner Nick Fish Position No. 2	
Portland Housing Bureau	
*404 Authorize subrecipient agreement with the Portland Development Commission for \$1,490,532 to provide lead hazard reduction (Ordinance) (Y-4)	183628
*405 Amend subrecipient contract with Portland Development Commission to add \$525,509 for the coordination of the Economic Opportunity Initiative programs (Ordinance; amend Contract No. 30000702) (Y-4)	183629
Portland Parks & Recreation	
406 Accept trail easement for Columbia Slough Trail from Fazio Gertz Road Property LLC and Batavia Zelman (Second Reading Agenda 368) (Y-4)	183630
Commissioner Dan Saltzman Position No. 3	
Bureau of Environmental Services	
*407 Authorize application to East Multnomah Soil and Water Conservation District for a grant in the amount of \$40,000 for Veteran's Creek Restoration Project (Ordinance) (Y-4)	183631
*408 Amend Joint Funding Agreement with U.S. Geological Service for additional work and funding for hydrologic monitoring in the Johnson Creek, Columbia Slough, Fanno Creek and Tryon Creek Watersheds (Ordinance; amend Contract No. 35641) (Y-4)	183632
409 Authorize a contract and provide payment for construction of the Ankeny Wastewater Pump Station Odor Treatment Equipment Project No. E09177 (Ordinance)	PASSED TO SECOND READING MARCH 31, 2010 AT 9:30 AM

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<p>410 Designate a sewer shaft easement in City-owned property assigned to the Bureau of Transportation and assign said easement to the Bureau of Environmental Services for the East Side Combined Sewer Overflow Tunnel Project No. E07594 (Ordinance)</p>	<p align="center">PASSED TO SECOND READING MARCH 31, 2010 AT 9:30 AM</p>	
<p>411 Designate a sewer tunnel easement in City-owned property assigned to the Bureau of Parks and Recreation and assign said easement to the Bureau of Environmental Services for the East Side Combined Sewer Overflow Tunnel Project No. E07594 (Ordinance)</p>	<p align="center">PASSED TO SECOND READING MARCH 31, 2010 AT 9:30 AM</p>	
<p>412 Authorize a contract and provide payment for construction of the Tenino-Umatilla Fish Passage Project No. E09112 (Second Reading Agenda 370) (Y-4)</p>	<p align="center">183633</p>	
<p align="center">Commissioner Randy Leonard Position No. 4</p> <p align="center">Portland Fire & Rescue</p> <p>*413 Accept a donation from Fireman's Fund Insurance Company in the amount of \$7,000 (Ordinance) (Y-4)</p>		<p align="center">183634</p>
<p>414 Accept donation of a flow pump and hose from Samuel Galbreath and the Macadam Bay Homeowners Association (Ordinance)</p>	<p align="center">PASSED TO SECOND READING MARCH 31, 2010 AT 9:30 AM</p>	
<p align="center">REGULAR AGENDA</p> <p align="center">Mayor Sam Adams</p> <p align="center">Bureau of Planning & Sustainability</p> <p>415 Create new categories of residential waste and recycling collection services and establish areas within Portland where new categories of services will be made initially available (Second Reading Agenda 374) (Y-4)</p> <p>416 Revise residential solid waste and recycling collection rates and charges to address new collection services within Portland, effective May 3, 2010 (Second Reading Agenda 375; amend Code Chapter 17.102) (Y-4)</p>		<p align="center">183635</p> <p align="center">183636</p>
<p align="center">Bureau of Transportation</p>		

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417 Extend contract with Cale Parking Systems USA, Inc. and increase authority to purchase additional parking pay stations, support services and product enhancements (Second Reading Agenda 377; amend Contract No. 36734) (Y-4)	183637
Office of Management and Finance – Human Resources	
*418 Ratify a Letter of Agreement between the City and Portland Police Commanding Officers Association to modify the parties' 2007-2010 Collective Bargaining Agreement to revise the amount members may contribute to the PPA Volunteer Employee Beneficiary Association Trust (Ordinance) (Y-4)	183638
*419 Ratify a Letter of Agreement between the City and Portland Police Association to modify the parties' 2007-2010 Collective Bargaining Agreement to revise the amount members may contribute to the PPA Voluntary Employee Beneficiary Association (Ordinance) (Y-4)	183639
*420 Ratify a Letter of Agreement between the City and Portland Police Association to authorize the inclusion of time worked at Multnomah County Sheriff's Office for longevity computation (Ordinance) (Y-4)	183640

At 10:13 a.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
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.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS NOT HELD THIS **24TH DAY OF MARCH, 2010** AT 2:00 P.M.

<u>WEDNESDAY, 2:00 PM, MARCH 24, 2010</u>	
421 TIME CERTAIN: 2:00 PM – Adopt and implement the River Plan / North Reach (Previous Agenda 246; Ordinance introduced by Mayor Adams; amend Title 33 and amend Comprehensive Plan and zoning maps)	RESCHEDULED TO APRIL 1, 2010 AT 2:00 PM TIME CERTAIN
422 Adopt the River Plan / North Reach Action Agenda and The Future of the North Reach (Previous Agenda 247; Resolution introduced by Mayor Adams)	RESCHEDULED TO APRIL 1, 2010 AT 2:00 PM TIME CERTAIN

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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.

MARCH 24, 2010 9:30 AM

Adams: There will only be the morning session today. Good morning, Karla, how are you?

Moore-Love: I'm fine. How are you?

Adams: Happy spring. Please call the roll.

[roll call]

Adams: Quorum is present. Let's begin with communications. Can you please read the title for item no. 386.

Item 386.

Adams: Mr. Toole, please come forward. You just need to give us your first and last name. Have a seat and the clock right in front of you will help you have count down three minutes. Glad you're here.

Randy Toole: My name is randy toole. Members of the city council, thank you for allowing me to speak before you. The purpose i'm here today is to ask for your help. I live in subsidize the housing managed by central city concern. Central city concern provides the property and i'm the client. The living conditions of this I reside in are appalling. I've had rodents. The walls are cracking, the painted surfaces are peeling and raw garbage is outside in a common breezeway which a mentally unstable tenant has thrown out her window. Drug dealing and unauthorized people in the building has become out of control. No security personnel have been provided by the landlord. Central city concern has been notified numerous times by the tenants with no avail. We've gone as far as to form a tenant rights group. Witnessing the issues and still no progress. So the statement I want to make today is central city concern is a slumlord. The legal definition of a slumlord, an unscrupulous landlord who milks a property without concern for tenants, neighbors or their own long-term interests. Slumlords overcharge for properties in poor neighborhoods kept in poor repair and allowed to deteriorate. Some indicators include the number of police calls and city and county code violations of the properties. The building I live in, the butte, was constructed in 1912, no renovations, ccc has many other buildings like this, for example, the golden west. Built in 1900. Tenants are asked to sign -- to disclosures that state ccc has no knowledge of lead-based paint or hazardous materials in their buildings. This is fraudulent because the buildings were required after 1992 when the lead paint reduction act was implemented. Why is the company receiving federal grants monies for buildings that might be considered uninhabitable? The major concern is the safety and concern of the property and residents. We have brought this to management's attention, ccc's attorney said they do not have the funds to hire a full-time security person. The building I live in has 38 units. The rent is \$415 per unit. This is \$15,770 per month, or \$189,240 a year. Ccc pays no property taxes, so they're considered non-profit. Also, they receive a lower rate --

Adams: I apologize, but your three minutes are up. Do you want to wrap up with a summary statement?

Toole: I can wrap up with a summary statement. I'm asking the city to examine the problem and have the corporation be held accountable and show records to public and stop hiding behind closed doors.

Adams: Thank you. Karla, please read the title for council communications item no. 387.

Item 387.

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Adams: Mr. Blair.

*****: [inaudible]

Adams: You can't do that. You either have to use it or it expires.

*****: [inaudible]

Adams: Ok. Have to treat everyone the same.

*****: That's fine.

Adams: Can you read the title for item no. 388.

Item 388.

Adams: Mr. Allen. Mr. Allen? All right. Can you please read the title for number no. 389.

Item 389.

Adams: Welcome back, mr. Barbour, glad you're here.

Jason Barbour: Hello, good morning. And for the record, my name is Jason Barbour, as many of you know. There is a proposal out there where a list of names will be going out. I believe about April 30th, we'll have a certain name on it for a certain position where I would be spending quite a bit more time here at city hall. I don't think that would be such a bad thing. ElectJasonBarbour.com.

Last night, a candidate forum was dominated by questions for the incumbents about the city council and specifically they continue to ignore the will of the people. Examples -- having conversations on but not really doing anything about police reform. When I wake up, on a Saturday morning in February, at about 5:45 a.m. And can't sleep, I get the newspaper and unwrapping it and standing there in shock as I'm seeing somebody that attends Portland Community College as I do. I'm just going, why? Other examples are renaming streets at the expense of the city and to hire personal expenses for the citizens and businesses. This does not have anything to do with race. I would oppose a street being renamed for whoever came up with that meaning of life and everything after equals 42 or whatever. I would oppose a street being renamed if it were even for myself, to be honest. I believe that the city should provide quality, navigable streets for everyone and not just what the majority the people in the city want and finally, taking sewer money for bicycle lanes and green streets that came with high sewer rates. When I turn on my radio and I end up agreeing with Terry Parker and Victoria Taft, the talk show host on this decision, something was wrong with that decision. I need to thank KPAM for moving Victoria Taft from 11:00 to 3:00. One more thing I'd like to point out is -- is I do believe that -- that convincing Tri-Met they need to look for more revenue service funding on behalf of providing it to the citizens is important and today I leave with a final question -- is, why are you cutting Portland short? It's a rhetorical question. I don't need a response.

Adams: Thank you for your testimony. Glad you're here. Karla, please read the title for 390.

Item 390.

Adams: Welcome back, Lew.

Lew Church: I'm Lew with PSU Progressive Student Union and Tenants' Rights Project. Activists organizers on anti-poverty issues believe it's important to look at progressive victories as well as setbacks. Tenant Rights Project is happy to note that Monica Beamer, the executive director of the Sisters of the Road is going to be a keynote speaker at our forum at 6:00 p.m. Addressing a question, is habitable housing a human right? A want to thank tenant activists in the past year with Tenants Rights Project who volunteers organizing against local slumlord practices and mismanagement by central city unconcerned. In terms of housing, transit, police responsibility. Healthcare issues. Many activists were heartened this week by -- nationally, by President Obama's first major victory of passing healthcare reform. In the face of U.S. Chamber of Commerce spending \$1 million a day against reform. Providing healthcare for 30 million people is a major historical accomplishment. I would never have voted for McCain or Palin, but glad I voted for Obama. Here in Portland, as we know this week, and Jason referenced again, there were protests of another person in this case, a homeless person being shot by police. In better news, in terms of the projects we work on, Jason

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and I in particular worked a lot for transit riders union. Fred hansen, the general manager of tri-met resigned. It's a great day. Liberation day. He ignored 1400 transit riders who petitioned to save fareless square when some politicians before argued, but would not do so once on the council. In terms of human rights, in general, I do want to thank randy and sam for speaking up for tibet. There are other human rights issues like the coke boycott for human rights in colombia. We would like the council's support. I believe if the archbishop from san salvador were alive, he would ask, is Portland the city that works for yuppies and white folks or does it belong to all of us?

Adams: Thank you, Lew. Appreciate your testimony. We'll move to the consent agenda and I would like to pull items 402 and 403. And have them rescheduled to april 7th. Any other items to pull from the consent agenda? Karla, please call the vote on the consent agenda.

Fritz: Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] consent agenda's approved. We have a 9:30 time certain.

Regarding the comprehensive annual financial audit for the city. Karla, please read the title for 391. **Item 391.**

Adams: Welcome back, auditor. How are you?

LaVonne Griffin-Valade, City of Portland Auditor: Doing well. How are you?

Adams: Good, thanks.

Griffin-Valade: Good morning. Lavonne griffin-valade, Portland city auditor. I'm here to introduce the results of the annual external audit of the city of Portland for the year ending june 30th, 2009. I want to say a few words before we introduce the auditors. The city of Portland is required by Oregon state law to have an independent financial audit every year. Our city charter requires this audit be conducted by an independent licensed public accountant. The charter also places responsibility for the management of this contract with the city wide audit with the elected city auditor. They're significant for the city, not only because they meet statutory requirements but because they shed light on internal controls and issues around internal controls and the management of the city's financial systems. Moss Adams, llp, certified public accountants are the city's auditors and so without further ado, drummond kahn will add more -- drummond kahn will add more details.

Drummond Kahn, Director, Audit Services: I'm drummond. Pleased to be here on the exciting topic of our annual audit. Our company manages the contract for the annual financial audit and the fact that we manage it provides an important arm's length relationship, placing our independent audit function as contract managers for outside audits. By placing it with the independent auditor, it provides another arm's length. The city financial statements prepared by the accounting division of the office and management and finance. The financial statement audit that we'll discuss today includes both the city of Portland financial statement as well as pdc as a component unit of the city and includes hydro and another component unit. So omf has distributed hard copies of the f.y. '09 statements. Since it's almost 300 pages, we've extracted the auditor's opinion in your package today and provided a link to the financial statements that's on the city's website. So to provide the detail, i'd like to introduce our audit partner from the firm, james, who will explain moss Adams' financial reports for f.y. 2009 and highlight the required communication for those charged with the governance.

James C. Lanzarotta: Mayor, council members, it's an honor to be here to present. We haven't had an opportunity to do that before you in the past. I appreciate lavonne's efforts to get us on the agenda to talk to you. I have a few minutes and so i've got to be brief. We're going to talk about what it is that you engaged us to do. What's the nature of the audit we've provided. And then talk about our reports. What are our findings. I'm hopeful that somewhere along the way, you're getting your finance management in here to talk about this document, the comprehensive annual financial report and what it means. This is really a report card. In many respects, this is the financial and compliance report card for the city and how well management and -- has performed and under your

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leadership. And so it's very important, I think, for you to know what does this say. What are the trends at the city and how well have we done in financial performance. I don't have time to do. Wasn't asked to do that. My job is to talk about the audit. So I'll break the audit into four phases. I think you have an understanding of external audits. Checking the balances and transactions portrayed in your financial statements to make sure they meet a criteria. In this case, the governmental accounting standards board sets the criteria for the -- that needs to be met within this document. How transactions are recorded and the -- in the disclosures. So we do that. I think you have an understanding of that. Any time we do a financial audit, we have a requirement to look at the internal controls that your staff uses that helps them to pull together accurate information and to prepare this document according to this set of standards that I mentioned. We have an obligation to inform you, then, if there are what we call distinguishes in those -- deficiencies in the checks and balances necessary to put this document together accurately. We'll talk about that. Any time you receive federal grants, federal awards, as does the city, there's an additional requirement that we test. Your compliance with additional requirements that come with those federal grants. Quite a few strings are attached to those and in addition to the compliance testing and reporting, again, we need to look at your internal controls used by management to meet those compliance requirements and we'll talk about that. And then finally, you are an Oregon corporation so organized under statutes provided by Oregon law and within that, there are certain financial and budget laws that we're asked to test for compliance and so we have a report in here on your compliance. That's a third phase. A fourth phase is even though your staff produces this document, we do have to test it and review it and provide feedback to them. So kind of a fourth element of our audit is really, looking at this document and providing feedback to management to make sure it meets all the requirements. So what did we find? And I do want to preface this. There's a lot of really good news that I'm going to bring to you today. But I'm also going to talk about some of the findings and so I want to make sure we put this in context. The first report I want to share is our overall auditor's opinion on the financial statements. That's great news. The results, in layman's terms, you're getting a clean opinion. In technical term, it's called unqualified. An unqualified opinion. We did not need to qualify our report because we found there were issues or problems with the way the document was put together and so that's a fantastic news when you consider you've got -- well, I don't know if I can do a quit count. Somewhere around 30 bureaus and technical accounting staff have to bring that all together to put this document together and meet the bells and whistles. The great news, a clean opinion on the financial statement. Now we'll talk about the areas we had findings. One of the things we had to test is your compliance with state law and a big part is local budget law and there were a number of over-expenditures identified. They're in our report on page 293. But the over-expenditures against the appropriated budget, noted in footnote 2b of the financial statements. There were approximately four funds in various line items over-expended, from a few hundred dollars to just under \$300,000. We find that's probably the most typical kind of finding amongst governments in Oregon. It's difficult when you're the size you are, the complexity that you're -- when you get the accounting done at your end, you will find some area where is you just happen to be over-budget. In terms of federal -- let's shift gears and talk about the federal grants. So again, the city receives tens of millions of federal grant dollars, a lot of different programs. We're required to test a few of those. We don't test them all. We test the major programs and there were some areas of non-compliance that we had identified. We have issue aid separate report and I don't know if that's been -- issued a separate report and it's called the single audit report and in that, you'll find a number of things. In one case, with some grants that are actually administered by the pdc. There's money provided to the city and then funding and some pre-funding that happens between the city and pdc as they incur eligible expenditures and before drawdowns where they recognized revenues and expenditures in advance of the period they should have under accounting standards. That was one finding and so revenues and expenditures had to be

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reversed out of the books between the city and pdc and there was an internal control that was not working properly that allowed that to happen. In addition, with the home investment partnership program, there were three findings -- in fact, that's the one that had the incorrect grant revenue and expense timing. But also some reports that were due to the federal agency that were not timely filed. And there's some sub-recipient monitoring of other agencies that you passed funds through to help you meet the requirements of the grant and there's a requirement that you monitor them for compliance and that monitoring was not happening. And then finally, the last finding we had was with the federal transit grant. There were some expenditures posted against that grant based on estimates instead of actual expenditures and that needed to be reversed out of the accounting and out of the schedule of federal awards. Fortunately, no request against the grant actually. Hadn't received dollars based on an estimate but accrued them in the financial statements incorrectly. Those were our findings. I know there's a number of them. But again, wanted to put it in context of the bigger picture of the city. It's 30 bureaus and the fact that we got an overall clean opinion on compliance with federal grants and on the financial statements themselves. So --

Adams: And this was, again, the time period covering --

Lanzarotta: Ending June 30th, 2009, and the city has quite a process to gather all the information from the various bureaus and put the financials together. That happens through the month of November. We generally get the financial statements sometime in December to finish our testing and review and they were actually issued on time, before the December 31st due date to the state of Oregon the just a few days before the 31st this year. So --

Adams: Thank you, discussions from council?

Saltzman: One question, in past years, audits have always noted the extreme liabilities of the fire, police, disability retirement fund and voters made changes to deal with that. What were your findings with respect to the fire, police and disability and retirement fund.

Lanzarotta: Good question. What is an external audit focused on? Not on the efficiencies and effectiveness of government. But when it comes to the fire, police and disability and retirement fund, we audited that fund and against the set of criteria how financial statements go together. Those reports were all clean. In terms of the liability, that's where I'm hoping you're getting your finance staff coming before you to tell you what it all means. What I can tell you, the accounting rules have resulted in \$800 million liability reflected in your financial statements at June 30th, 2009, the actuary tells you that all the benefits earned by your fire and police is closer to \$2 billion. So over the next several years, your financial statements will ramp up that liability in your financials from \$800 million to \$2 billion and you'll still be in compliance with the accounting rules, but that's a huge liability that will be added to your financial statements over time. The next several years, that's not in your financial statements today. It's not recognized on your balance sheet today. That's why some of the reforms have been coming back. -- coming about. Like a unfunded liability. So police and fire have earned this benefit that's not been fully recognized as terms of a liability in the financial statements and resources have not been set aside to pay for that. So future generations will pay that tab and that's a big reason that the reforms you're talking about were made. Those aren't the purpose of the financial statement audit, which is to make sure the statements meet the set of criteria established by governmental accounting standards board.

Adams: So commissioner Saltzman led efforts to get the fpdr pension funds object a track for full funding and it'd be great if we could get a snapshot of how we're doing on that from omf, if -- what is it? -- a 20-year timeline? Yes.

Griffin-Valade: Every other year we do a financial condition report and -- I think that's the kind of thing we'll be reporting on as well and that's coming up this next year.

Adams: Yeah, it's a huge change from totally unfunded to on track to being fully funded.

Fish: Mayor, can I --

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Fritz: I wanted to clarify. When you talk about an clean opinion and unqualified opinion, that opinion is that we're doing well?

Lanzarotta: Correct. So clearly the financial policies, the internal controls utilized, the experience and education of the folks within your technical accounting, the office of management and finance that put this together, they're able to do that accurately and within the requirements of the governmental accounting standards board and all the required disclosures. So that's phenomenal.

Adams: Commissioner Fish.

Fish: I want to thank you for an excellent work product and the level of engagement with the Portland housing bureau. The meetings were very productive and as you know, we've reorganized the bureau and combined two separate units from pdc and the former housing bureau and put in place a new management team. We're pleased that you have determined all of our federal funds are adequately accounted for but i'm concerned about the need to tighten our internal controls and to the extent you've identified practices that frankly predated my service on the council that we need to get better on. We will do so but the collaborative way you worked with my management team, I wanted to call out, it's hugely productive and while there's no suggestion any federal funds have been misplaced or not properly spent, we take seriously our obligation to have good internal controls and fill out the paperwork, no matter how much --

Griffin-Valade: Music to my ears.

Fish: -- and we've sent the message down the ranks, including the new unit that's joined us from pdc, that we take this seriously and we appreciate the way you've gone about your work.

Lanzarotta: Thank you.

Fish: And to the extent there's technical issues you've addressed -- they're be addressed.

Adams: I'll entertain a motion to accept the report.

Fish: So moved.

Fritz: Second.

Moore-Love: We have a request to testify.

Adams: Who is the request?

Moore-Love: David regan.

Adams: Mr. Regan, come on up. Welcome back. Your testimony needs to stay with this audit report.

David Regan: My name is david regan. I would like to ask the city auditor if there were, in fact, transparency problems in trying to figure out this whole shuffle with the housing bureau reorganization and pdc?

Griffin-Valade: Not that I know of [inaudible]

Adams: Mr. Regan, this is an -- mr. Regan, this is an opportunity for -- no, you can sit down. This is an opportunity for testimony, so we're listening.

Regan: Oh, thank you.

Adams: Anybody else wish to testify? All right. Karla, please call the votes.

Fritz: Thank you to lavonne griffin-valade and audit services and moss Adams, our independent outside look at how the city is doing. As what I just heard you say, it can't get any better in terms of the unqualified opinion that we're, in fact, watching the books carefully and I appreciate the details you called out. There's always room for improvement and i'm happy it hear my colleague, commissioner Saltzman, fpdr, that we take seriously your reports and make sure we attend the details. Aye.

Fish: Thank you for the collaborative approach for getting it right and an outstanding job. Aye.

Saltzman: Thank you for this report. It is indeed comforting. You said in your remarks, we may have 30 offices and bureaus, it's comforting to know we're operating within sound financial principles and keeping a good eye on the bottom line. Thank you. Aye.

Adams: Aye. [gavel pounded] so approved. Please read the title for second reading, item no. 415.

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Item 415.

Adams: Please call the vote.

Fritz: Thank you, mayor Adams and the staff for planning and sustainability. To increase our contributions to the solid waste stream and also the subcommittee that supports this \$450,000 for the pilot program. It can be a very significant improvement for citizens, but i'm glad we're doing a pilot first so we make sure before we implement it citywide. Aye.

Fish: Aye.

Saltzman: I'm excited by the pilot project and hope it continues to boost our recycling rate higher and address the tremendous amount of food waste in our waste stream and getting it into a productive compost product rather than sitting in a landfill and creating greenhouse gas emissions. Aye.

Adams: Thank you, bruce, and the entire team. Aye. [gavel pounded] so approved. We have one more on the same topic. Please read the title for second reading, item no. 416.

Item 416.

Adams: Please call the vote.

Fritz: Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] so approved. Congratulations. Can you please read the title for second reading, item no. 417.

Item 417.

Adams: Can you please call the vote.

Fritz: Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] 417 is approved. Can you please read the title for emergency ordinance item no. 418. 419, yeah.

Items 418, 419, and 420.

Adams: Good morning.

Steve Herron, Bureau of Human Resources: Good morning, mayor Adams. Council. I'm steve herron, labor relations manager for the city of Portland. The first two items, the ppa -- are to address a compliance with irs rules issued, ppa came to us and said that the rate the -- the contribution rate being pegged to an individual's pay rate violated irs regs because it resulted in disparate contributions and -- to peg it to a amount certain and proposed where it had been 1% of the individual's rate, proposed it be 2% of the top step officer and needed to peg it to a specific number so to varied based on the individual's pay rate. By and large, because this is the employee contribution, the city doesn't have a dog in the fight other than compliance and after the city attorney's review and their agreement, that, in fact, the revision would improve compliance, we indicated we would be happy to do that. And so because both ppa and ppb --

Saltzman: Explain veba.

Herron: I'm not certain that I personally understand it thoroughly. It's a --

Adams: I appreciate the honesty.

Herron: It's a contribution account. The funds of which go to purchase of health insurance benefits after retirement. So within the two cbas presently, the unit members, are allowed to make a contribution. And that money goes into a fund they, after retirement, then can purchase health insurance benefits with. So the -- these two measures are solely designed to peg the contribution amount to a fixed amount and create uniformity within the ppa unit of contribution amounts per individual and uniformity within the ppba contribution.

Fritz: You do diligent work and i'm sure the city attorneys and unions have worked on this. On my paycheck, the medicare amount is dependent on how much you earn. How it this different?

Herron: My understanding, and I defer to the city attorney's office, for the legal analysis of compliance. Ppa indicated their advisor indicated that having the contribution amount be variable, violated irs rules specifically as they relate to veba contributions. When we presented that to the

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city attorney's office, they asked for documentation. And which we provided to the city attorney's office and received a opinion pegging it to a amount certain that wasn't dependent was compliant with the contribution rules as to vegas.

Fritz: And do the total contributions to the benefits stay the same?

Herron: The total contributions -- per individual?

Fritz: This is comp knew -- cost neutral to the city.

Herron: Yes, I apologize, I misunderstood the question. This is entirely employee contribution portion.

Adams: All right. Unless there's additional council discussion, is anyone here wishing to on any of these three matters? Karla, can you call the vote. Starting with 418.

Moore-Love: We're doing three.

Adams: Do the first two and then you'll do the last one. Thank you.

Fritz: Thank you, i'm glad we have staff looking into all of these details. Aye.

Fish: Aye. **Saltzman:** Aye.

Adams: Well, I didn't want the session to end with a -- without know noticing that commissioner Fish is wearing a very nice sweater vest today and the first time in the tenure of this council, that someone has worn just a sweater. So congratulations. Aye.

Fish: Thank you, mayor.

Adams: Call the vote for 419?

Fritz: Aye. **Fish:** Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] 419 is approved. 420.

Fritz: I think we should get --

Adams: A few seconds on what this --

Herron: You bet. Thank you. Mr. Mayor, council. I'm heron, labor relations manager for the city of Portland. This is an adjustment to a recruitment and benefits for a lateral recruitment that happened a couple years ago. There was a period of time when the Multnomah county sheriff's office was doing layoffs of deputies and Portland police bureau had a staffing need and the decision was made to recruit deputies that were going to be laid off. That would be a win-win in the sense we'd be keeping an asset in law enforcement in Portland that had the knowledge base useful to Portland. At that time, council approved the recruitment and we came in and requested that the probationary period be adjusted for those folks and council approved that. Shortly thereafter, the bureau realized that an element to the recruitment had been representation that longevity would take into account the period of time with which the individual computation's the period was employed by Multnomah county sheriff's office. And we realized we needed to come to council. Unfortunately, because of the moratorium in place, we weren't able to bring it forward sooner. So we're bringing it forward now. It would authorize consideration of the period of employment with the Multnomah county sheriff's office solely for the purposes of computing longevity pay for those particular offices.

Adams: Questions?

Fritz: The number for the first five years, does this continue to accrue?

Herron: That's correct. The fiscal year impact statement is going to be five years out, but this would be a continuing cost for these individuals throughout the period of their career.

Fritz: Your understanding was that the individual where's promised this on higher and the council at that time, that was the understanding?

Herron: That's correct.

Adams: Other discussion? Anyone who wishes to testify on 420? Karla, please call the vote.

Fritz: It's important for government to keep our promises. Aye.

Fish: Aye. **Saltzman:** Aye.

Adams: Aye. [gavel pounded] 420 is approved and we're adjourned. Thank you.

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At 10:13 a.m., Council adjourned.