



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **19TH DAY OF MAY, 2010** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, Leonard and Saltzman, 5.

Commissioner Leonard arrived at 9:39 a.m.

Mayor Adams and Commissioner Fish left at 10:34 a.m. on City Business.

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

Item No. 675 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
657 Request of Alex Ansary to address Council regarding Transportation Security Administration working with TriMet and other federal projects (Communication)		PLACED ON FILE
658 Request of E Linda Wenning to address Council regarding the City funding Cash Oregon and preparation of Federal and State tax returns (Communication)		PLACED ON FILE
659 Request of Rajan Zed to address Council regarding reading a prayer at City Council meeting (Communication)		PLACED ON FILE
660 Request of Michael David Krupp to address Council regarding aspects of new budget proposal (Communication)		PLACED ON FILE
661 Request of Patrick Sideris to address Council regarding the new law in Arizona (Communication)		PLACED ON FILE
TIMES CERTAIN		
662 TIME CERTAIN: 9:30 AM – Transmit Mayor’s message for FY 2010-11 proposed budget (Mayor convenes Council as the Budget Committee) 15 minutes requested		PLACED ON FILE

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<p>663 TIME CERTAIN: 9:45 AM – Revise sewer and drainage rates and charges in accordance with the FY 2010-2011 Sewer User Rate Study (Ordinance introduced by Commissioners Fritz and Saltzman) 30 minutes requested for items 663-666</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>664 Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2010 to June 30, 2011 and fix an effective date (Ordinance introduced by Commissioner Leonard)</p> <p>Motion to amend the proposed rate increase from 12.9% to 12.0%: Moved by Commissioner Leonard and seconded by Commissioner Fish. (Y-3; N-2, Fritz and Saltzman)</p>	<p align="center">PASSED TO SECOND READING AS AMENDED MAY 26, 2010 AT 9:30 AM</p>
<p>665 Revise residential solid waste and recycling collection rates and charges, effective July 1, 2010 (Ordinance introduced by Mayor Adams; amend Code Chapter 17.102)</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>666 Increase commercial solid waste fees, effective July 1, 2010 (Ordinance introduced by Mayor Adams; amend Code Section 17.102.250)</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>667 TIME CERTAIN: 10:15 AM – Amend fee schedules for building, electrical, mechanical, plumbing, facility permit, field issuance remodel, land use services, neighborhood inspections, noise control, signs, site development, zoning and certain construction permits (Ordinance introduced by Commissioner Leonard) 30 minutes requested</p> <p>Motion to amend exhibits E and F: Moved by Commissioner Leonard and seconded by Commissioner Saltzman. (Y-3, Adams and Fish absent)</p>	<p align="center">PASSED TO SECOND READING AS AMENDED MAY 26, 2010 AT 9:30 AM</p>
<p align="center">CONSENT AGENDA – NO DISCUSSION</p>	
<p align="center">Mayor Sam Adams</p>	
<p align="center">Bureau of Police</p>	
<p>*668 Authorize a grant agreement with Portland Police Bureau Sunshine Division to use city-owned vehicles in an amount not to exceed \$26,000 (Ordinance) (Y-5)</p>	<p align="center">183761</p>
<p>*669 Amend grant agreement with Sunshine Division to provide individuals and families with emergency food, clothing and household items (Ordinance; amend Contract) (Y-5)</p>	<p align="center">183762</p>
<p align="center">Bureau of Transportation</p>	
<p>*670 Accept a grant in the amount of \$3,000,000 from the Oregon Department of Transportation for the SW Harbor Drive/SW River Parkway Project (Ordinance) (Y-5)</p>	<p align="center">183763</p>

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<p>*671 Authorize Intergovernmental Agreement with the Oregon Department of Transportation to provide federal funds for the design of the N Killingsworth St Project Phase II (Ordinance) (Y-5)</p>	<p align="center">183764</p>
<p>*672 Accept a \$163,000 grant from the Oregon Department of Energy's State Energy Program to help pay for a Traffic and Pedestrian Signals Project at crosswalks throughout the City (Ordinance) (Y-5)</p>	<p align="center">183765</p>
<p>*673 Authorize an Intergovernmental Agreement with Multnomah County for services related to County bridges and the Portland Streetcar Loop Project (Ordinance) (Y-5)</p>	<p align="center">183766</p>
<p>*674 Authorize contract with Harper Houf Peterson Righellis to provide design and construction services for the SW Moody Ave Project - SW River Parkway to SW Gibbs (Ordinance) (Y-5)</p>	<p align="center">183767</p>
<p>675 Designate a parcel of City owned property located at SE Lafayette St east of SE 74th Ave as public right-of-way and assign it to the Bureau of Transportation (Ordinance)</p>	<p align="center">REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p>676 Grant revocable permit to CC Slaughters to close NW Davis St between NW 2nd Ave and NW 3rd Ave from 7:00 a.m. on July 3, 2010 until 6:00 a.m. on July 4, 2010 (Ordinance)</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p align="center">Office of Management and Finance – Human Resources</p>	
<p>*677 Create a new Nonrepresented classification of Principal SAP Business Systems Analyst and establish a compensation rate for this classification (Ordinance) (Y-5)</p>	<p align="center">183768</p>
<p align="center">Office of Management and Finance – Internal Business Services</p>	
<p>*678 Pay claim of Stevawn Welch and Richard McEachran (Ordinance) (Y-5)</p>	<p align="center">183769</p>
<p>*679 Authorize Intergovernmental Agreement with Metro for printing services (Ordinance) (Y-5)</p>	<p align="center">183770</p>
<p>*680 Authorize Intergovernmental Agreement with State of Oregon Department of Energy for federal grant funds through the American Recovery and Reinvestment Act of 2009 for The Portland Building Digital Control Upgrade Project (Ordinance) (Y-5)</p>	<p align="center">183771</p>
<p>681 Accept bid of Stettler Supply & Construction for the Linnton Pump Station Improvements for \$501,125 (Procurement Report – Bid No. 111648) (Y-5)</p>	<p align="center">ACCEPTED PREPARE CONTRACT</p>

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<p>682 Authorize a contract with Landmark Ford for replacement Ford Crown Victoria police vehicles for a contractual total not to exceed \$1,460,000 (Procurement Report – RFP No. 111404) (Y-5)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p>Commissioner Nick Fish Position No. 2</p>	
<p>Portland Housing Bureau</p>	
<p>*683 Amend subrecipient contract with Community Energy Project to revise the total contract amount not to exceed \$311,350 for Weatherization Workshops, Senior Weatherization Program and Home Safety Repair program (Ordinance; amend Contract No. 32000114) (Y-5)</p>	<p>183772</p>
<p>Portland Parks & Recreation</p>	
<p>684 Authorize ten contracts with nine professional, technical and expert firms for landscape architecture, trail planning & design and identification services by vacuum excavation as required in support of Portland Parks & Recreation projects (Ordinance)</p>	<p>PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>Commissioner Dan Saltzman Position No. 3</p>	
<p>*685 Authorize a contract with Education Northwest for technical assistance to after-school programs funded by the Portland Children's Levy (Ordinance) (Y-5)</p>	<p>183773</p>
<p>*686 Authorize a contract with NPC Research for technical assistance to child abuse and foster care programs funded by the Portland Children's Levy (Ordinance) (Y-5)</p>	<p>183774</p>
<p>Bureau of Environmental Services</p>	
<p>687 Amend contract with Marsh USA Inc. for insurance brokerage services for Phase III of the Owner Controlled Insurance Program (Ordinance; amend Contract No. 36262)</p>	<p>PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>Commissioner Randy Leonard Position No. 4</p> <p>Bureau of Development Services</p>	

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688 Authorize an Intergovernmental Agreement with the State of Oregon on behalf of Portland State University, for the use of parking permits and access cards at the 4th Avenue Garage and provide for payment (Ordinance)	PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM
Bureau of Water	
689 Accept contract with Civil Works NW, Inc. for SW Cardinell Drive Water Work Project as complete and make final payment (Report; Contract No. 30000384) (Y-5)	ACCEPTED
690 Authorize an Intergovernmental Agreement with Multnomah County Health Department to administer the LeadLine and provide free blood lead screening (Ordinance)	PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM
City Auditor LaVonne Griffin-Valade	
*691 Assess property for system development charge contracts and private plumbing loan contracts (Ordinance; Z0776, K0120, T0132, W0008, K0121, T0133, Z1181, P0096, P0097) (Y-5)	183775
*692 Authorize permanent bonded lien interest rates for installment payment contracts financed by the Limited Tax Improvement Bonds, 2010 Series A (Ordinance) (Y-5)	183776
REGULAR AGENDA	
Mayor Sam Adams	
Bureau of Planning & Sustainability	
*693 Amend contract with Tetra Tech to provide additional technical services for the River Plan/North Reach and provide for payment (Ordinance; amend Contract No. 38089) 10 minutes requested (Y-5)	183794
Bureau of Transportation	
*694 Amend contract with Oregon Iron Works, Inc. for the production of prototype streetcar vehicle (Ordinance; amend Contract No. 37218) (Y-5)	183779
*695 Amend contract with Portland Streetcar, Inc. to provide additional professional services for project management and vehicle engineering services for production of a domestically manufactured streetcar (Ordinance; amend Contract No. 37119) (Y-5)	183780

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<p>696 Authorize an Intergovernmental Grant Agreement with the Portland Development Commission regarding financial contribution to fund the final design and construction of the South Corridor Phase II: Portland-Milwaukie Light Rail Project (Ordinance) 20 minutes requested</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>*697 Authorize an Intergovernmental Agreement and Jurisdictional Transfer Agreement with Oregon Department of Transportation for jurisdictional transfer of portions of SW Naito Parkway: I-405 to SW Market St, and SW Harbor Drive: SW River Parkway to SW Naito Parkway (Ordinance) 10 minutes requested (Y-5)</p>	<p align="center">183781</p>
<p>*698 Authorize Memorandum of Understanding with TriMet and the U.S. Department of Transportation, Federal Transit Administration for Federal assistance under the Transportation Investment Generating Economic Recovery Grants program for the SW Moody Street & Streetcar Reconstruction Project (Ordinance) 10 minutes requested (Y-5)</p>	<p align="center">183782</p>
<p>699 Revise transportation fees, rates and charges for fiscal year July 2010-2011 and fix an effective date (Ordinance; amend Code Titles 16 and 17)</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>
<p>700 Authorize an Intergovernmental Agreement in the form of a permit from Multnomah County for location of an advanced parking information sign (Second Reading Agenda 651) (Y-5)</p>	<p align="center">183777 AS AMENDED</p>
<p align="center">Office of Management and Finance – Internal Business Services</p>	
<p>701 Accept bid of McClure and Sons Inc. for the 83rd Avenue Wastewater Pump Station for \$801,904 (Procurement Report – Bid No. 111605) (Y-5)</p>	<p align="center">ACCEPTED PREPARE CONTRACT</p>
<p>*702 Authorize an exemption to the competitive bidding process to Procurement Services pursuant to ORS Chapter 279C and City Code 5.34 for the SW Moody Avenue Project, SW Moody Avenue: SW River Parkway-SW Gibbs Street, Roadway and Track Relocation (Ordinance) 15 minutes requested (Y-5)</p>	<p align="center">183783</p>

At 11:56 a.m., Council recessed.

May 19, 2010

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **19TH DAY OF MAY, 2010** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, Leonard and Saltzman, 5.

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

REGULAR AGENDA

Disposition:

Mayor Sam Adams

Office of Management and Finance – Revenue

- *703** Grant revocable permits to the Portland Rose Festival Foundation to perform activities relating to Portland Rose Festival annual celebration from May 22 through June 13, 2010 (Ordinance) 20 minutes requested
(Y-5)

183778

**Commissioner Nick Fish
Position No. 2**

Portland Housing Bureau

- 704** Establish financial assistance guidelines for the Portland Housing Bureau (Resolution) 15 minutes requested
(Y-5)

36787

- 705** Delegate authority to review and approve financial assistance under Council-adopted guidelines to the Portland Housing Bureau (Ordinance) 15 minutes

**PASSED TO
SECOND READING
MAY 26, 2010
AT 9:30 AM**

**Commissioner Dan Saltzman
Position No. 3**

- *706** Authorize a grant agreement with Bradley Angle to provide African and African-American specific navigator services at the Gateway Center for Domestic Violence Services (Ordinance) 15 minutes requested for items 706-714
(Y-5)

183784

- *707** Authorize a grant agreement with Catholic Charities' Proyecto UNICA to provide Spanish speaking/Latina specific navigator services at the Gateway Center for Domestic Violence Services (Ordinance)
(Y-5)

183785

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<p>*708 Authorize a grant agreement with Ecumenical Ministries of Oregon's Russian Oregon Social Services to provide Russian speaking specific navigator services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183786</p>
<p>*709 Authorize a grant agreement with Immigrant and Refugee Community Organization's Refugee and Immigrant Family Strengthening Program to provide immigrant and refugee specific navigator services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183787</p>
<p>*710 Authorize a grant agreement with Legal Aid Services of Oregon to provide civil legal assistance services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183788</p>
<p>*711 Authorize an Intergovernmental Agreement with Multnomah County to provide technical support services for City employees and partners who work at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183789</p>
<p>*712 Authorize an Intergovernmental Agreement with Multnomah County District Attorney's Office to provide victim advocacy and prosecution services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183790</p>
<p>*713 Authorize a grant agreement with Native American Youth and Family Center to provide Native American specific navigator services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183791</p>
<p>*714 Authorize a grant agreement with YWCA of Greater Portland to provide navigator services at the Gateway Center for Domestic Violence Services (Ordinance) (Y-5)</p>	<p align="center">183792</p>
<p align="center">Commissioner Randy Leonard Position No. 4</p>	
<p align="center">Bureau of Development Services</p>	
<p>*715 Amend Enforcement Priorities and Remedies in the Administration Code, Fees and Penalties in both the Sign and Property Maintenance Regulations Code to reflect changes in application and policy, correct and clarify code language (Ordinance; amend Code Chapters 3.30, 29.70, 29.80, 32.66) (Y-5)</p>	<p align="center">183793</p>
<p align="center">Bureau of Water</p>	
<p>716 Authorize contracts with Black & Veatch, Michael Willis Architects, and CH2M Hill for the Bull Run Supply Treatment Project (Ordinance) 10 minutes requested</p>	<p align="center">PASSED TO SECOND READING MAY 26, 2010 AT 9:30 AM</p>

At 4:00 p.m., Council recessed.

May 20, 2010

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 20TH DAY OF MAY, 2010 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, Leonard and Saltzman, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Jim Van Dyke, Chief Deputy City Attorney; and Pat Kelley, Sergeant at Arms.

Council adjourned as City Council at 2:27 and convened as PDC Budget Committee at 2:28.

***717 TIME CERTAIN: 2:00 PM** – Adopt budget adjustment recommendations and the Supplemental Budget for the FY 2009-10 Spring Supplemental Budget process and make budget adjustments in various funds (Ordinance introduced by Mayor Adams) 15 minutes requested

Motion to accept staff substitute exhibits #1 and #2: Moved by Mayor Adams and seconded by Commissioner Fish. (Y-3, Saltzman and Leonard absent)

Motion to amend the Spring BMP to include \$34,761 for Parks Operations and Maintenance: Moved by Commissioner Fish and seconded by Commissioner Leonard. (Y-5)

Motion to amend exhibits #1 and #2 per Water Bureau memo dated May 20, 2010 regarding Westside Staging area: Moved by Commissioner Leonard and seconded by Commissioner Saltzman. (Y-5)

183795
AS AMENDED

718 TIME CERTAIN: 2:15 PM – Council to convene as Portland Development Commission Budget Committee to receive the proposed annual budget (Mayor convenes Portland Development Commission Budget Committee) 1 hour requested

PLACED ON FILE

At 3:45 p.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..

May 19, 2010
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.]

MAY 19, 2010 9:30 AM

Adams: Can you please call the roll.

[roll call]

Adams: We'll begin with the communications. Can you please read the title for item no. 657.

Item 657.

Moore-Love: He may be not be coming today.

Adams: Alrighty. Can you please read the title for communications item no. 658.

Item 658.

Adams: Good morning, ms. Wenning. Welcome to the city council of glad you're here. You only need to give us your first lan last name and no address. And if you're representing a group, let us know.

E. Linda Wenning: I'm linda wenning, speaking for cash Oregon. I'm not a employee of theirs. I did do volunteer tax work for returns for cash Oregon. Which is a project with aarp and tax aid. And last year, the city of Portland provided \$75,000 in funding. What this gave us is a 31% increase in federal tax returns. A total of \$9.8 million and a 14% increase in returns done. Over 7,800 returns. And this is money that comes back to the city of Portland, it is spent on milk and shoes and books. And utilities. It's money that's spent. If a bank officer gets \$100 million and it's bumped up to \$101 million, that money doesn't get spent. This money gets spent and it reaches our low and moderate-income taxpayers. And the other two counties in the tricounty area did not fund cash Oregon or increase the funding. I'm not real sure on that. And their growth and returns funds - - i'm sorry, the return in growth of returns and refunds was flat. So I highly encourage you to keep this in your budget. For each dollar you put in, you get back into the community \$226. I don't know of any other program that brings that to the community. Thank you.

Fritz: Just to clarify. The \$9 million is in refunds you were able to help the clients fill out their forms and get?

Wenning: Right.

Fish: Mostly, the earned income tax credit.

Wenning: And making work pay and the education credit. There's a lot of credits out there. And tax Oregon does a beautiful job.

Fritz: That's wonderful.

Wenning: And the volunteers, part of why there's such a multiplier effect, the workers are volunteer.

Adams: I didn't --

Wenning: Pardon?

Adams: I didn't mean to -- I thought you were done.

Wenning: The volunteers have to attend classes and pass exams, the irs monitors our results to make sure we're doing things the way they want them done. And a quality product is produced.

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Adams: Well, I want to underscore thanks to aarp, that provides a lot of the volunteer sort of staffing muscle behind this program. When social venture partners approached me about partnering with them to put -- you know, to help start cash Oregon, it was an easy thing for me to do, not only because it's good for the city. But being raided by a single mom who had four kids, she left on the table all kinds of benefits. Including earned income tax credits, because she just didn't know. And so thank you for raising this. It is in the budget. The feedback i've received from colleagues has been very positive. And thanks for continuing to highlight and work on the program.

Wenning: Thank you very much.

Adams: Thank you. Can you please read the title for council calendar no. 659?

Item 659.

Moore-Love: He will not be coming.

Adams: Ok. Please read the title for council communications no. 660.

Item 660.

Adams: Mr. Krupp? All right, can you please read the title for council communications item no. 661.

Item 661.

Adams: Hi, welcome, glad you're here.

*******:** How are you doing?

Adams: Good, how are you? Good to see you.

Patrick Sideris: Here we go. My name is patrick sideris. Good to see you and i'm a business owner by psu and it's called psu style. I'm here because i'll be organizing a peaceful demonstration concerning the law that's going into play in july. Now, it doesn't directly affect us right now and doesn't affect any of you guys, but eventually it will in the future. If this continues to go by the wayside it will go to other states and other states will implement this law. Now, I think this will be effective if -- if I have your support and blessing, because it -- nationally, if they see you guys' face nationally, it will look good for our nation to see that everybody is stepping up -- see that everybody is stepping up against this law. I could get into more detail in the more intimate setting where I could speak to each of you, because I would like to do this correctly. Due do what happened last week as far as the new chief the police, I would like the Portland police support as well. I want this to be peaceful, I want this to be -- to build awareness and to educate people and eventually at the point where I want to stop right in front of city hall, I want at least three people to speak and I want you to -- a person, I can --

Adams: You can count on it.

Sideris: Ok. Great. So basically, I would like -- i'm trying to do this in the right way, I want to get in contact with the exact person I can get permits and speak to about volunteering police --

Adams: Back row back there. Judy tuttle will meet with you as soon as you're done testifying and help you make the introductions to my office and I know that the chief and his team will make it -- will make it smooth and sailing for you.

Sideris: That would be great. I really appreciate that. Thanks for your time. And --

Adams: To give you an update on our efforts. We've been working with other cities on the west coast to support the efforts of -- among other cities in the arizona flagstaff and tucson, who have passed ordinances to sue the state to overturn the law. And because they're a city within the state, they have legal standing and so we've been working with them to create a coalition of other cities on the west coast that would help tucson and flagstaff and any other cities in arizona that are legally challenging the law on constitutional grounds to provide legal support for that. We've been working on that coalition and I hope to have some news about our efforts on that, if not this week, then early next week.

Sideris: I'm pretty passionate about this and I have a large connection in Portland, Oregon and i've spoke with a lot of people that are going to support me and the organization, so --

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Adams: Good.

Sideris: Please if I do email you or call you, my name is patrick sideris. I'll be in contact with you guys.

Adams: Thanks for your leadership.

*****: Appreciate it, you guys.

Adams: And judy is back there. That gets us to the consent agenda. Does anyone wish to pull any items from the consent agenda?

Fritz: 675.

Adams: 675 is pulled. What would you like to do?

Fritz: I need more information about what we're planning to do with the improvements.

Adams: Let's send it back to my office. We'll bring it back.

Fritz: Thank you.

Adams: Unless objection, 675 is september back to the mayor's office. [gavel pounded] any other items. Karla, please call the vote on the consent agenda item.

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

Adams: Aye. [gavel pounded] what same is it? Is it 9:30 yet? Yes, can you please read the title for the time certain no. 662.

Item 662 (convening as Budget Committee).

Adams: I'm convening the budget committee for the purpose of receiving the message. You received copies yesterday and along with revisions to it. This is the product of months of work by the discount and bureau staffs and bureaus of management and finance. It meets or shared goals of returning the city to prosperity and shoring up services for core services and supporting the most vulnerable in our community during these very difficult times and keeping all Portlanders safe and secure in their jobs, homes, and neighborhoods to the extent we have the resources to do so. This budget aims to fuel a more equitable economic recovery and assist those in greatest need. This budget illustrates that tough decisions are being made by the city council to keep front line services funded and continue to make start investments for the future. The document contributed was assembled prior to the most recent recalibration. Please notice that. It will not reflect the changes made this week. We've worked hard to balance the budget. Without touching the city's reserves and move that is protects our highest possible credit rating and the credit rating -- that high rating means that we save millions on the cost of debt. That we would otherwise be paying with a lower credit rating. This budget was assembled without increasing the next fiscal year, either parking meter fees or general fund taxes. Protected essential functions and public safety, economic development and infrastructure. They were not without cuts. But the cuts in public safety were less than the cuts in other service areas of the city. This budget was put together by foregoing cost of living adjustments for all city employees. And while returning a portion of the bureau of environment services contract savings to sewer ratepayers. As chief mike reese said, this is about protecting the operational integrity of the Portland police bureau. To balance the overall budget and the recalibrated budget, we've trimmed previously proposed expenditures and benefited from the bond refunding and restores funding for 25 sworn officer positions and cold case unit and school resources offices program and include restoring a fire station. From closure and one of two rescue unit. Fully funding the office of neighborhood involvement graffiti abatement program and our partnership with Multnomah county for both the sobering station and the construction and operation of a mental health crisis center. It also funds the community base prostitution rehabilitation and transition efforts. And we remain committed to supporting education, an academic achievement for addressing inequities by our community and preparing to fill the soon to be position -- soon to be retirees in positions throughout the city. It is the single best opportunity that city government has had over the next couple of years well, this retirement to have a city workforce not only in critical services like the police bureau, but throughout the operations of city government to finally have a

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workforce that matches the diversity of this city. Contributing in -- \$500,000 toward the summer youth connect scholarship program and \$425,000 for the summer youth connect summer jobs program and a -- in a time when youth unemployment is the highest it's been. And a program that served 1600 students county wide with internships, and summer jobs and partially restoring with the help of creative work with commissioner Fish and others, parks and recreation bureau summer playground program and continuing of the fund of the patients teen programming and investments in small business assistance and putting resources toward to help local businesses grow and create jobs and about 3700 net new business licenses that have been taken out in the last two years. And they need our help. Correcting the Portland development commission to reduce operating and administrative costs by 12.5%. \$4 million cut to administration that will be put out into the neighborhoods and business district, including increases to the business finance programs and redevelopment loans and storefront grants in urban renewals across the city. By allocating \$166,000 to continue to invest in targeted cluster he driven development and recruitment efforts and increased housing, hunger and homelessness services and increases in use of one-time resources on ongoing businesses investing \$1 million to increase shelter bed capacity. Especially for the high-demand women's shelter facility and \$2.5 million for Portland's housing bureau to meet increased demand for services and rent assistances and access to assistances and contributing \$50,000 to the Oregon food bank as they work to combat hunger and food insecurity. I want to again thank my colleagues on the council and everyone in the community for helping to shape this budget. This is definitely a budget with eyes and ears. The meeting of the budget committee is continued to thursday, may 20th at the university park community center where at 6:00 p.m., the university park community is located at 9009 north foss avenue. I look forward to seeing you all there. Whew, i'm now reconvening this group as the city council. [gavel pounded] by state law we have to do that. You're all very patient to do that. That gets us to time certain item 663.

Item 663, 664, 665, and 666 (reconvened as City Council at 9:54 a.m.).

Adams: Can you read through that whole list. Great. So we'll begin with some staff presentations and if council is ok, we'll take any amendments starting with 663. Which is related to 664 most closely, so we'll go through and take any amendment that's any councilmember has in and hear staff presentations.

Saltzman: I'd like to hear a opening for bbs.

Adams: Commissioner Saltzman.

Saltzman: Thank you, mayor. Passage of this ordinance will set the new sewer and stormwater rates for the next fiscal year. Starting on july 1st. This ordinance proposes a 6.35% rate increase. Less than bes requested and less than the office of management and finance recommended. Bes's budget advisory committee made up of volunteer citizens and union representatives, held five meetings from october to january. examining and evaluating bureau's proposed reductions and additions for next year's budget. After a very thorough review, that included over \$6 million in budget cuts, the committee supported the proposed rate increase at that time of 6.9%. Following this work, our independent budget analyst, the office of management and finance, drilled down on our proposed budget and also recommended a rate increase of 6.9%. Early last week, we received the mayor's proposed budget which including taking all of bes's proposed budget cuts with a 6.1% rate increase. While this rate was some what have a surprise to us, it takes into account the difficult time that all Portlanders are coping with. Council must do everything it can to minimize impacts to Portlanders' pocket books while manning and funding or critical infrastructure. Therefore, and commissioner Fritz have proposed a 6.35% increase. Lower than bes and omf's proposed rate. To balance the budget with this lower than expected rate increase, i've asked the bureau to find savings, opportunities by restructuring where possible and cutting off operations where they can. We'll be scaling back on some planned deferred maintenance activities, but tough economic times call for

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this. So we do have bureau director dean marriott and bureau of business services manager jim haggerman to answer questions. And if you wish, they have a power point.

Adams: If it's ok, I would like to hear first the presentations from water as well. Just the preliminaries and then we can decide whether to go. So commissioner Leonard, any preliminary thoughts?

Leonard: Yes, in the mayor's budget, we had a 12.9% increase to the base water charge. Which takes into account a number of capital projects, some of which are maintenance to the system and others mandated by the federal government. In the form of It2. I, like commissioner Saltzman, have asked the bureau to re-look at what needs to be done and what we would like to do to find the difference, and so we're going to be proposing a smaller increase than what the mayor's proposed budget suggests.

Adams: Would you like to make some preliminary comments, mr. Bureau manager? No? Ok.

Leonard: I think we should leave that to dean.

Adams: All right. So your presentation will describe the sort of what is going into the rate -- your, the commissioners' proposed rates?

Dean Marriott, Director, Bureau of Environmental Services: Mayor, we have a very short presentation with a handout, and --

Adams: Does it cover that topic? That's what i'm most interested in.

Marriott: I didn't specifically bring information about -- about that question that you just asked, but we have some general information.

Adams: Right, why don't you do it quickly. Did you want to hand it out?

Marriott: Yes. Good morning, mayor and members of the council. I'm dean marriott, environment services director and jim haggerman is handing you a copy of the presentation. We have a very -- I know you have a pressing schedule. I'll be very brief. We have six pages altogether of the first page contains the highlights of what the next coming year will look like for us. Obviously, the final year of our cso abatement capital project will consume a considerable amount of the revenue required from this rate increase. We're continue to go did a robust job of maintenance and reconstruction of the infrastructure, sewer system. Including implementing the local economic stimulus program that you -- that tasked us with doing last fiscal year.

Fritz: Excuse me, you planning to show the power point for the viewers at home.

Marriott: We don't have a power point. We have a handout. But we have some copies of the slides, which we can put out available for people to pick up.

Fritz: If I might further interrupt.

Marriott: Yes.

Fritz: I know that others -- there's a pressing need to -- for two of our colleagues to leave, but I also know that this is a very important issue that Portlanders need to understand carefully how we're making these decisions. So I would encourage you to explain as you can.

Adams: Two thoughts balancing that, which I agree with commissioner Fritz's comment, in addition to the time today. We're -- this is the first reading, we'll consider amendments and then we do go out for public comment as well. As I mentioned, in the neighborhood. So please proceed.

Marriott: Thank you. Just back to the quick comment about the local economic stimulus. We have 56 projects going out to bid just in the next five to six months. So a lot of the work that you asked us to accelerate and move forward for job creation is happening and we're very pleased about that. Continuing the grey to green initiative, continuing to fund the city's role in Portland harbor remediation investigation and moving forward with the first year of the three-year \$20 million accelerated green street expenditures for supporting community greenways and looking for the double wins that -- on page 2, revenue requirements, the revenue requirements for rates \$238 million, and I spell out for you there how much -- what it includes, debt service, operation and maintenance, and paying our utility license fee and Portland harbor superfund. The capital program

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described on page 3, it's a very sizeable capital program. Obviously over the next five years. Just over \$600 million of capital construction. The majority of the cso controls that are cited here, \$128 million will take place in the next year. \$200 million for maintenance and reliability. \$150 million for wastewater treatment facilities and \$82 million for green infrastructure, including the grey to green initiative. And \$20 million for sewer extensions and the party sewer conversions. Impact on jobs is considerable. 5500 jobs will be created and supported by our capital program alone. With an additional almost 300 green jobs through the green infrastructure initiatives. On page 4, just a quick summary of the proposed rates, the impact of a 6.35% bill increase for a typical residential monthly sewer would be increase from \$50.15 to \$53.33 a month. The sanitary sewer part will -- stormwater will increase. The Portland harbor will decrease because the investigations, the costs are beginning to come down as we come closer to decision time for epa. And those wishing to sign up for the stormwater discount program would benefit by doing so and obviously, we've had thousands of homeowners sign up and continue to get those applications, those coming in right across the board.

Fritz: And your budget, your rate increase includes increasing that discount for those in need?

Marriott: Yes, yes. And page 5 is a list of the rates -- the rate schedule essentially that would be included in the residential rates and you can see the major components. The stormwater charge, the sanitary charge and low income discount and commercial rate, sanitary storm, industrial strength charges and the Portland superfund charges will be dropping so the typical monthly residential bill would increase about 6.35%. And the final page, because I know it's of interest how we stack up nationally, is a bar chart that includes many cities across the united states and we've put asterisks next to the cities dealing with combined sewer abatement program of one size or another and this is where I think we're beginning to see the advantage of us being -- going first. We're actually surprisingly moving down the list as opposed to moving up the list. Cities like honolulu, seattle, have yet to finish. Cities like cincinnati are just beginning a multimillion dollar program. Kansas city just signed an agreement to spend over \$2 million of cso abatements. It gives us solace, by finishing -- beginning early, we'll finish up next year and many other communities are just getting going and we can take pride in that. With that, mayor and members of council, that concludes my brief remarks. Mayor, you asked a question about what the difference is of the 6.1 to 6.35. Just to cite a few examples, as you know, we have the fanno pump station in west-southwest area shut down for major reconstruction and repairs. During what process, we have to pay Washington county to treat the sewage. That bill will be about \$700,000. That would be part of it. We have specialized needs to inspect large diameter sewers, that's about \$150,000. There's several hundred thousand dollars of work for the parks bureau to assist them in valuable work related to protecting our tree canopy. We've stepped up in this instance to take over some work that had been done by the bureau of development services for on-site stormwater inspections they cannot do because of the financial crisis they're facing. We think that's so important, we would like to include that. Those are just some examples.

Adams: Discussions from council on the sewer, stormwater, sanitary sewer and superfund charges? Ok -- yeah?

Fritz: I think it's important because citizens write in saying the cost of living is small right now and indeed, the city employees are being asked to take no cost of living increases, so why is the stormwater and sewer rate going up by 6% and -- or maybe more. And part of my understanding is we're averaging out the cost of the big pipe project over course of the project and we have to finance that. And also looking at keeping our 100-year-old sewer system functioning and that requires ongoing maintenance and replacement such as the ones you described with the fanno line. And so it's -- it's averaging out the costs that you projected for our billion dollar sewage cso project over the course of many years and then we're also looking next year to be having the superfund record of decision and looking at some of those potential expenses. So the way I see your budget is

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a very responsible look at the long term to avoid major jumps in rates if something comes up. You've looked at it over the course of 20 years and averaged it out.

Marriott: Yes, I think that's a very good summary. We have tried, since the beginning of the cso program, to have a sort of glide path and it has been going up, of course. We tried to stay away from a yo-yo effect where one year it's 25% and the next 3 or whatever. Depending on the capital expenditure rate. So intentionally we've tried to level that out and be predictable and look several years ahead and try to predict what -- what -- so people can plan. We have borrowed a lot of multiple. 25 year bonds, 20 year bonds to pay for the capital construction. We have a \$600 million capital program over the next five years, there's a lot of work to be done still.

Fritz: A lot of it is paying back the bonds. A potentially a 5.9% increase instead of 6.9 and decided that didn't fund enough of the necessary projects, correct?

Marriott: That's correct. We worked with our budget advisory committee and one of things they challenged us with was how to cut back on the capital programs so we could bring the rate of increase down. When they examined the result, they said, you know what? We would not recommend that. They seriously put us through our paces in that regard.

Fritz: Thank you.

Adams: The other thing I want to highlight is that for those that rightfully are very concerned about cso, big pipe spending, we're required to do this under consent decrees with the courts and just like the other cities with the epa. And it doesn't make it easier for householders to try and balance their budgets with rising sewer rates but the regulators, not only tell us we have to end the outflows of sewage in the willamette, but also approve every aspect of the solution. And as sewer commissioner, that was the biggest surprise, the degree to which they go into the details and tell us how big, where, and how we will do it. So it's -- I don't know that it's a lot of comfort to those that are paying higher sewer bills as part of this court decree, but this is a heavily oversights -- how do I want to say this? A project that has heavy federal and state oversight. Thank you, commissioner, that's exactly right. What I mean when I say we're a highly regulated utility. And I know that the director feels the same way on the drinking water side. As you point out, they do inspect everything we do, when we do it, how big it is, and some of that, we just -- we have nothing to say about. We just have to do it. So --

Adams: And this project, is it on time and budget?

Saltzman: On time and on budget, yes.

Adams: Unless there's additional discussion on issues related to sewer, I want to recognize water commissioner randy Leonard to -- you have motions and amendments?

Leonard: I was wondering if commissioner Saltzman, was he moving today that rate change increase or --

Saltzman: That's part of the ordinance.

Adams: He doesn't have to.

Leonard: Oh, I see. He did it as part of the ordinance. So I would move -- to change the proposed rate increase that's in the ordinance of 12.9 to 12.0. Percent.

Fish: I'll second it.

Adams: Moved and seconded. Would you like to explain or director shaff explain?

Leonard: Yes. The current average monthly residential bill for water customers is \$22.02 per month. A 12.9% increase would have raised that amount by \$2.64. A 12.0 increase will raise that by \$2.44. So the average residential rate for Portland water bureau customers which includes more than just citizens of Portland, will go there \$2.02 to \$24.44, with a 12% increase. The increase is required, although for different kinds of projects, but much the same reasons that bes finds its. And -- itself, and that's federally mandated projects known as It2 that requires open reservoirs to be covered and requires source water drinking to be treated. Both of which we have resisted, both of those requirements, and continue at least on the treatment side, to -- to seek a variance. Those

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efforts notwithstanding, we have to do certain things to prepare for the installation of those mandated projects for -- or face a -- a deadline that we cannot comply with, which would cause the citizens of Portland to be fined to the tunes of millions of dollars, up to daily, if they're not completed. So what I've asked the water bureau to do is -- is to reduce the proposed rate increase by almost a percent. We'll determine what projects those are that will not be completed, will not include the projects that the federal government has mandated us to complete. And I think that this is something we'll just have to learn to live with in the next year.

Adams: Can you summarize, commissioner, for me, going from 12.9% to 12 -- what -- what projects don't get done?

Leonard: We're still analyzing what that would be. One for sure would be the west side staging area that has long been identified as a need for emergency. So currently, we have the water bureau and we have a number of other infrastructure utilities that are based on the east side of the river. The fear has long been that if there's a catastrophic event, a seismic event, for example, that causes collapses of the bridges, how do we provide emergency services to the west side of -- I would say not just Portland residents but all communities on the west side. In the event of an emergency, political boundaries become irrelevant and each local government responds into each other's jurisdiction to help save lives and prevent further destruction. We've identified a site in northwest Portland that we are negotiating a purchase for somewhere around \$10 million which would be the site upon which we would construct a multiagency center that would be the responding area for water bureau, bus, public works and other facilities, public utilities in Portland to respond from in the event of a catastrophe that wouldn't allow for that equipment to cross the river. We would have pieces of equipment staged there. That would probably be one of the things that we do not proceed with by decreasing the rate.

Fritz: I'd like to ask a question in a slightly different way. The in the budget process, the water bureau requested a rate increase of 10.6 which was increased to 11%. What would we be buying with 12% that we weren't in the 11% rate. Which includes the I2 and other things.

Leonard: The water bureau as you recall last year, made clear this year they would need an 18% increase. This year, I told them that I would not bring -- notwithstanding the fact that they told the council they would need a 18% increase to carry through with the capital project, that they needed to do something less than 13%. Through the budget committee which includes large industrial users, residential customers, and a variety of stakeholders, they recommended a 12.9% increase. And so they didn't ask for a 10% increase. They went through an extensive public process and came up with a 12.9% increase. What I'm proposing actually takes away from what their budget committee recommended and the water bureau said it needed.

Fritz: In the 12 point -- last year, the 18% included funding of the filtration plant which council wisely decided under your leadership to change to a ultraviolet system. And that decision, which saved the ratepayers \$500 million, would have decreased the rate by about 6%. So we're starting from 18% in the projection last year, went down to 12% because of the wise decision that council made and then the bureau was asked to cut 4%, the same as all the other bureaus which should have gotten them down to 10.1%. My question remains, what are we buying to get up from the omf and bureau requests of 11% to get up to 12%?

Leonard: Again, the bureau didn't request 11%. They did not request that. They went through an extensive public outreach process that recommended 12.9%.

Fritz: So why was --

Saltzman: Omf recommended 11.

Leonard: But commissioner Fritz suggest suggested that the water bureau agreed to that. They did not.

Fritz: The water bureau presented to the purb their proposal, and that included the 1.9% in cuts within the water bureau.

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Leonard: David, can you respond to that? Commissioner Fritz suggests that you recommended a purb -- which omf increased to 11%.

David Shaff, Director, Portland Water Bureau: No, we -- with the purb, we did as required, by the council, put together a cut package that took us down to 10.6%. The 11% would be omf saying the 10.6% plus -- returning back .4% for the discharge fees we wanted to transfer to bes.

Fritz: Under the proposed rate of 12.9%, what cuts were included in the water bureau in that?

Shaff: Under 12.9% there were not cuts. Included in the water bureau -- in the water bureau's budget.

Adams: Discussion on this amendment?

Saltzman: Commissioner Leonard, I wanted to follow up on what you just said a minute earlier about the proposed west side land acquisition. I'm concerned about this, I don't think we should be taking the last large industrial parcel of northwest Portland, the most shovel-ready land we have and using it for in essence, a parking lot and staging area. So i'm very concerned. Did you just say there will be no money in the bureau's budget to acquire this land?

Leonard: Yes.

Adams: Let me be clear. The recent earthquake in chile, prompted the media to ask experts where else in the world is this kind of split fault, very deadly earthquake most likely to happen. And you can look it up yourself. It was reported in the "the new york times" and elsewhere, we here in the pacific northwest, specifically Oregon, are most likely the next place for such an earthquake. Records show that we're due in terms of it -- it -- the last time there was an earthquake. There is the assembly of the equipment on the west side. Does not exist. It is required because of the nature of the kind of operations that this be in an industrial area. The location of this site is about half as big -- too big -- for our needs, so part of this is the idea that we would be able to sell the other half of the site on yeon and roughly i-405 where they meet. Nicolai. It's ideal because it's away from all neighborhoods and needs to be away from where folks live, because even though it's largely a storage area for equipment and gasoline, and other basic supplies, you need in an machine, you have to start these big rigs up on a regular basis to keep them operational. This conversation, specific hunt for a west side staging area, grew out of the discussion we had about the surplus of national guard surplus, what's the name of site.

Shaff: Sears.

Adams: The sears site in southwest Portland and we employed a real estate, there's a group of bureau managers and experts in emergency management that oversaw this search process and this is the best site, the cleanest site. Part of the problem with industrial land on the west side is availability but then it's available in a manner that's not a brownfield or polluted. This is the best site we came up with. We desperately need a west side staging area and this is not the only site -- I mean, this is the only site we came up with that met the criteria. We looked at terminal one which is under the ownership of environmental services and using it as a point of entry for the big pipe. The emergency receives providers indicated that was not a suitable site because it's in the floodplain. So we are -- we aren't necessarily going to figure out this issue today. And I will support the amendment that commissioner Leonard is making. But by the end of the budget, before we adopt a budget, I attend to work with council to make sure we have -- intend to work with council to make sure we have a west side staging area secured. The issue is too important and the lack of a staging area in the event of a earthquake or other disaster is entirely unacceptable and a disservice to folks on the west side of Portland.

Leonard: I will add to that, while I agreed to pull this out, i'm also mindful of the comments the mayor just made. But it does seem to be human behavior that the only time we recognize the need to do something to prevent catastrophic events from happening or mitigating the loss of life is after a event curse. Fire sprinklers weren't required until hundreds of people were killed in a single fire.

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And 440 people died in a restaurant in Boston. It takes an event. Apparently, for people to understand the need to have emergency pieces of equipment, to -- to mitigate the loss of lives.

Saltzman: I'd like to offer comments.

Leonard: I wasn't quite done. So when the mayor asked me to look for a place, probably it's my background that I immediately understood his wise decision to try to find a place on the west side of the river that's separated from most of the major facilities on the east side that would respond to emergencies if there was a catastrophic event. But having said that, I understand the political reality of where we're at and if we can't get it now, maybe later. But I think at some point in the future, it will have proven to have been a wise thing for us to establish -- whether it's on this side or Multnomah boulevard or wherever -- some facility for responders to the west side of Portland, in the case of a catastrophic event.

Saltzman: I wanted to make it clear, I support finding a west side staging area. I don't support this particular piece of property for the reasons I said earlier. It's the only shovel-ready large industrial piece of property left in northwest Portland. We're focused on jobs. We don't want to -- I don't want us to spend water bureau money to acquire and subsequently build something there. I think we need to look harder and consider options of leasing and take another look at terminal one. We're talking about earthquakes, this property happens to be in a liquefaction zone. It's the first place to go when an earthquake happens. I think terminal one needs to be looked at again. It's less than three blocks away. And as a general fund, until we have the funds to acquire the right piece, we should settle for something that satisfies our needs and --

Leonard: I agree with you, commissioner Saltzman, and if this isn't the right site, I think we should look at another site. But we looked at the terminal one site and it's in a flood zone. You can't have a site that's prepared -- that's a staging area for emergency responders that's in a flood plain that may be the disaster --

Adams: It doesn't require as a federal -- I mean, it doesn't require for potential funding if it's in a floodplain. It doesn't work practically or in terms of trying to be eligible for funding for these kinds of facilities. I --

Saltzman: The same problem with the liquefaction zone.

Leonard: You could -- my bigger point, we need to find a site and if it's not these two sites, it can be anywhere --

Adams: We definitely have studied the liquefaction issue on the west side and industrial land, again, which is what this use is. I'm not going to do a wink-wink, nudge-nudge and put it into commercial or residential. I don't think you would support that either. There are ways we have contemplated to deal with the fact it's in a liquefaction zone. You can't add a liquefaction zone and floodplain zone on top of that. We'll be happy to share with the years worth of looking for a site around the region and I totally understand your concerns about using water rates. So that's why I'm going to support this motion and over the course of the next couple weeks try to come up with some other funding alternative and ask the city council to be creative about that. But I -- the citizens -- Portland needs a ready to build west side staging area and the one concern I have, and if you could clarify for me, is that means land that we can actually build on. And that means industrial land we can actually build on. I can't build on brownfield sites before we would clean it up. So if the litmus test is anything shovel ready is not available to us and the problem with anything closer to the river is that it gets into the floodplain, I'd ask you to keep an open mind about industrial land. That is the -- I mean, that's the required land use for a facility like this. And I can't build -- we can't build on polluted land because we would have to buy it and clean it up first.

Leonard: R.

Saltzman: I would just add that we shouldn't be scared away from industrial land just because it may be quote city. As a city, we're -- I wouldn't be -- just rule out anything just because it may

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have some environmental contamination issue the. They may not be insurmountable. That has to be factored into.

Leonard: We all agree we need a west side staging area and if we take time and discuss it amongst ourselves I think we'll come around the site and i'm supportive.

Saltzman: And I don't want to see water bureau ratepayer money to do that.

Leonard: Let me be clear. One the things that's happened in catastrophic events is you lose water service and the west side of Portland deserves the same response to restore water service as the east side. So it's an entirely appropriate expenditure for the water bureau to fund the site.

Fish: May I be recognized. You and an have to leave for a funeral and we're setting rates and I think this is a good conversation but we can do in connection with the budget as we go through the particular budgets of the two bureaus so I would like to call the question.

Adams: There's no such thing as call the question.

Leonard: Sure there is. He's asking to --

Adams: I'm ready to move to a vote. Is there something called "call the question"? It's non-debatable, right?

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

Adams: We're just doing the amendment. So please call the vote on the amendment.

Fish: I will support the amendment and I want to compliment commissioner Leonard and commissioner Saltzman for today proposing further reductions in the increases in the rates that they are proposing for both bureaus which I believe are not only response -- responsible and good news for ratepayers. Aye.

Saltzman: I'm opposing the amendment because I support the 11% rate right that the office of finance and management has recommended. I think that's sufficient for the needs the water bureau as a unit. I don't want it to be turning in a lending institution also. Let's keep it focused on being a water facility. I vote no.

Leonard: Aye.

Fritz: I just saw this amendment when I got into the council today. So I need more information about what's included that wasn't included in the 11%. So I vote no.

Adams: I'm going to support this, and as the final word on the last discussion, because I vote last, I intend to have the city have money set aside and/or land secured, for west side staging area. By the time we get to the adopted budget. There has been good intentions on this council and previous councils for securing such a site or resources for such a site. Those good intentions now who need to lead for actual action w. That, I want to thank commissioner Leonard for scouring the budget and coming in with the lower rate. Aye. [gavel pounded] so approved. Now we have to leave. You will now -- previous council president will now take over the rest of the agenda.

Fritz: Thank you.

Adams: Obey her: Or try.

Fritz: I think we just lost our quorum.

Saltzman: Lot of the quorum.

Fritz: We're going to move to testimony while waiting for the quorum to return, i'd like to ask you a question, director shaff, did the purb discuss the emergency management siting funding as part of their rate proposal?

Shaff: No. It was part of our capital plan and we didn't discuss that in that particular project.

Fritz: It was included in your capital project budget.

Shaff: Yes.

Fritz: Thank you, that's helpful.

Shaff: And the presentation I was going it make, we'll post on our website as well.

Fritz: That would be very helpful and dean marriott, if you could post yours so the citizens get a understanding. It's a complicated and hugely important issue and we know that ratepayers are

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concerned about how their money is spent and paid. We'll be continuing this discussion. Do we have a presentation on the -- the solid waste and recycling?

*****: Yes we do.

Fritz: And thank you for your patience.

*****: Good morning.

Fritz: Good morning.

Bruce Walker, Bureau of Planning and Sustainability: I'm Bruce Walker. The solid waste recycling and compost manager for the bureau of planning and sustainability. We have a handout on the solid waste rate increase for residential services. And I'm also speaking to an ordinance on the commercial tonnage fees. So I'll begin with the solid waste rates. Unlike BES and water, that operations are city employees, we oversee -- our office oversees franchise haulers who provide service to customers throughout Portland. So the private haulers that provide an excellent level of service to the customers, we employ different mechanism to review rate increases or, rate proposals that we would bring to council. We hire a CPA to review the books and we also use an economist to make inflationary adjustments for labor, health insurance costs that the haulers incur. What we're bringing forward today is a rate increase, it's described on the front page with a table on the back. The range of rate increase for the residential customer is from 45-cent to \$1.80 per month. For customers, depending on how much garbage they generate. For the most common level of customer service the 32-gallon can will go up \$1.10 a month. A 4.35% increase. So just to be clear about these rate increases, all of the costs aren't just driven by the haulers. We have put in clean fleet requirements. We want newer trucks on the streets of Portland to -- that have the newer reduced air emissions so there's less diesel emissions generated throughout Portland. This is a graduated policy that council adopted and it's now -- as trucks -- the older more polluting trucks are getting phased out, that's the single largest increase in the haulers' costs is some of those trucks. So be mindful, it's a partnership. We've given the direction and they've carried it out. That's a cost and the second largest increase is metro is going to be increasing their tip fee at their transfer station to cover their costs. So we believed this -- this rate increase has gone through thorough review. It's been reviewed, and supported by the Portland utility review board. And we're -- I could speak in more detail, but I'd be happy to answer any questions on this ordinance before I move to the commercial tonnage fee.

Fritz: Questions from council?

Saltzman: The fact that the yard debris is going up is because it's wildly successful. People are using it more. That's correct?

Walker: That's about right, commissioner Saltzman, you're absolutely right. When we launched the program, providing the blue carts for recycling and green for yard debris, we anticipated people would compost more yard debris, and so that is exactly what's happening. And we've seen -- even though we forecast some increases, with the larger vessel capacity, we're seeing people use it even more than we expected. That's another cost driver that the haulers are collecting that, there's a cost to put it into a compost facility. But that's a good thing. To keep it out of the landfill and make valuable soil amendment. So that's one the -- another large cost driver in our system.

Saltzman: And then the cost to recyclable materials that the haulers collect, they're projected to improve. The price for metal, newspaper and all of that is expected to improve and when that does, it will reduce net costs?

Walker: Right, if -- if -- thank you, commissioner Saltzman. Doing a better job on the presentation than I am. But the details are that as haulers pick up materials, recyclable material, they're put into use by industry, typically in the domestic U.S. Industries that use plastics, paper and metal. That has the -- the value of those materials drop along with the downturn in the economy, there's less demand for raw materials, if you will, to make new products. That has increased, and we would see -- if it were remaining at bottom of the barrel levels, as they were a year ago, we

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would see a rate increase of about 50 cents more per month. But those markets have increased and that's offset the customer rates and so that's very much a positive in terms of the state of recycling, if you will thank you.

Fritz: Second presentation?

Walker: Ok. We're proposing -- thank you. The commercial tonnage fee increase of \$1, and that's to institute a public recycling stations located beginning in downtown Portland over the course of the next fiscal year and it's a two-year implementation project. Now, this was part of our Portland recycles plan adopted by city council in 2008 and as we look to expand this program, we see the value of, one, obviously, making it more easy when people are coming off buses, trains, or out on a lunch time walk, if they've got either reading materials, the paper, or a beverage container, they can put it in a public recycling container. Other cities have made some of these moves and this is, we believe, at a minimum, providing a good outlet for recycling in -- in the downtown core. But also, it's -- it's a statement and it's saying we value recycling in Portland and it's creating higher awareness for everyone who comes through our city. We're proposing this through a one -- what's effectively, this dollar increase in the overall scheme of disposal, along with metro's \$85 per ton tipping fee, it's -- it's only a 1.1% increase in what haulers would pay for the commercially-generated disposal. Amount of disposal. We believe it's a cost-effective use and put to implementation, beginning this program in the next fiscal year. Now, you will hear concerns raised by purb, Portland utility review board, about the cost of the containers, and we went through a long involved process with the mall management and Portland bureau of transportation and primary, to make sure we did it right if we put containers out and they're designed similarly to the trash containers already on the transit mall so it would be a complementary design and focus, again, the increase availability of recycling, but in terms of the cost of those containers, we've put it out through a bid through purchasing. This isn't just some back-of-the-envelope estimated cost, it's a well-researched program and the question before you would be: Do we want to expand a program and carry it out in Portland? And this is would be the method to do so.

Saltzman: I had a question.

Walker: Yes?

Saltzman: These containers would be for all commingled waste?

Walker: It would not be all mixed together. This is an excellent question. We've looked at how to we do our recycle system both at work and in the home, and it would essentially be -- there'd be three openings -- I did not bring a diagram to support, but one for glass. Glass needed to be kept desperate. The other for any other beverage containers, plastic or metal, and then a slot for papers. Newspaper or other types of papers that people may have. And these would be collected through our -- we have contracts to provide service collection that would be included in this \$1 per ton increase in the fee. That would collect all of this material and get it to recycling markets.

Saltzman: I was going to ask, the rose garden and the blazers, I was there when they received leed gold certification, I think the first public arena in the country to do that, and they have these containers now I understand were made out of waste rubber, but they have a compost slot well as well. Is that something we thought about?

Walker: We -- first of all, our office worked with the rose garden, that's a very admirable approach there. The concern we had about the compost generating, we thought it was going to be very challenging out on the sidewalk, if you will, of somebody taking that extra step of scraping the leftovers from their lunch or something. I'm not trying to downplay that, that's exactly what we're moving with many Portland businesses already and in the four pilot areas we're working on. But we did not believe this was the best first step to try to implement this on the sidewalks of downtown.

Saltzman: Thanks.

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Fritz: Thank you. Just a procedural note. Since there are only three of us, we won't hear any emergency ordinances, they'll be deferred to this afternoon. How many of you have signed up to testify on these issues, please?

Moore-Love: About four people.

Fritz: Ok.

Moore-Love: Also, excuse me, there was a request to pull up 699. The transportation fee ordinance. I don't know if they're here. The mayor's office had requested that earlier. To pull up 699 to be heard with the other rate ordinances.

Fritz: Staff from transportation here? That's on the regular agenda so we might defer that. I'd like to ask the members of the Portland utility review board if they'd like to come up and testify on these issues. You've put in an enormous amount of citizen time to give us your good advice and I'd like you to have the time to give us your advice on all four of these ordinances.

Janis Adler: I'm going to largely read from the testimony that was previously submitted to the council. The --

Leonard: Your name.

Adler: Janice Adler, the vice chair of the purb. The purb perspective regarding the proposed utility rates is a good news/bad news situation. The good news -- best to start there, there will be an audit of utility-based revenues and the purb wants to thank the city auditor for scheduling a purb-recommended audit of the revenues collected by the water bureau and best to determine whether use of these revenues is utility related and the purb would like to thank the mayor for including a purb-recommended request for a consultant to report on best practices for the public utility rate setting process. With respect to specific utility bureaus, all the purb members support the food scrap recycling program and the purchase of durable lunch trays. For use in Portland public schools, proposed by the solid waste department bureau. And now comes the bad news. The bad news is that residential water sewer and garbage rates are going up. And the purb does not support the purchase of public recycling containers that Mr. Walker just discussed. We support the philosophy, we agree with increased public awareness of recycling, but a breakdown of the numbers showed that the costs of each recycling container would be \$1,800, and it would take 10 years to recoup the costs and the purb just felt that was excessive. Regarding sewer rates, the board appreciates that the increase in the average single family sewer and stormwater bill will be less than it might have been, however, the purb does not believe that non-core emissions expenditures have been removed from the budget. Hopefully, the best practices report will weed out unnecessary costs in the water bureau. In addition, purb recommends that the water bureau use the 2006 peer review report and the water bureau should plan, design and execute a program that implements the most promising opportunities for improvement identified in the report. And the target goal would be a 15% reduction in controllable costs by 2015. I believe the mayor, at the last meeting, asked for some additional information about how the purb subcommittee came up with that 15% reduction. And I have information provided by the subcommittee if I -- if you want copies or --

Fritz: You can send it in later we're not voting on this until next week.

Leonard: So I'm clear, you're suggesting a 15% reduction not in the rates but the controllable costs.

Adler: Correct.

Leonard: And how much of that is a percentage of the budget? What's the controllable cost portion that's a percentage of the current budget. Do you know what that is?

Adler: I don't.

Fritz: It was about 4.6% if my memory serves me.

Leonard: Of the whole budget?

Lila Wickham, Office of Management and Finance: Correct.

Leonard: We'll look at that.

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Adler: The only other comments I have is about the purb meeting minutes. We still don't have the minutes from the march, april or this month's meeting and the purb wants to receive designated support so that they can receive the meeting minutes in a timely manner and three positions on the purb will be open for appointment at the end of next month and recommend that the city finds replacements as soon as possible.

Fritz: Thank you, janice.

Saltzman: Which three positions are those?

Adler: I don't have that information in front of me. Do you know?

Wickham: One is the outgoing tracy marks who represents industry. One is my position, which is and at-large position representing public health. And the third is general citizenry.

Fritz: I think it's a west side resident.

*******:** Right.

Fritz: Did you have any further comments?

Wickham: No.

Fritz: I have a question for you both. You didn't give a specific recommendation for the water bureau rate increase in your memo.

*******:** You mean a number?

Fritz: Yes. You didn't really comment on the water bureau rate increase. Your comments were about the other study and which I appreciate but what's your advice on the water bureau rate increase?

Adler: You know, I think we understand that it -- that the increases are related to in large part, the lt2 costs. But we think there are administrative costs that can be cut. We don't have a specific number for, you know, that would be an appropriate rate increase. Except that the water bureau is going to be raising rates by over 10% and it would be nice if it was less.

Fritz: Is it the purb have a discussion about no cuts in the water bureau and whether that was appropriate?

*******:** No, we didn't have that discussion.

Wickham: To respond to your discussion -- i'm lyla wickham. The purb this year decided to particular a different strategy on looking at rates and rather than try to say this should be reduced by x percent or try to define what that amount should be for the budget, our strategy was to look at the big picture and make recommendations about having the -- the auditor's office audit the budget. Look at best practices, so believing that the -- that the directors of the bureaus are really competent people and manage their budgets well but asking them to look at these quality indicators and -- and audit standards and find things that could be reduced. So it was a purposeful, not to ask for a specific amount.

Fritz: Thank you. Do you have a question? Thank you very much. Who do we have signed up to testify? Good morning, thank you for waiting.

*******:** Good morning.

Fritz: You have three minutes and state your first and last name. No address, please.

Floy Jones: My name is floyd jones and representing friends of the reservoir. We did not support the 12.9%, I came in believing that was the increase. An increase according to the water bureau financing plan actually translates to a 16.7% increase. To the typical residential water bill. When you combine this with last year's 17.9% rate hike which translated to a 19.6% increase, residents will see a 36% increase in the water bills in two years and according to the plan's, the water bills will double by 2016. These increases are for the affordable. 40% of the water bureau budget is debt service and with bonds being issued annually, that figure is sure to rise. We believe there should be personnel reductions. We do not support spending \$12 million on consultant contracts for further design of the u.v. Radiation plant. A plant likely never be built and should never be built. The city must direct the water bureau to prepare a water document, treatment technique

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reservoir variance, public money is spent on data collection, yet the data is kept hidden from the public. A broad base group of community stakeholders do not support spending \$8 million for reservoir burial and providing no measurable public health benefit. Ratepayers will continue to pay upwards of \$45 million in upgrades for the next 25 years and work is scheduled this summer on open reservoir upgrade projects. We did not support the tripling of the cost of that project. And there must be better controls on cip project costs. Addressing the ongoing issues with revolving door consulting will go a long way to address those costs. At a december budget meeting, the Portland water bureau proclaimed the sandy river project was on budget. Having reviewed the documents, the statement is grossly inaccurate. At the start of this project, it was noted as being budgeted at \$12 million. A figure that included a whopping 40% contingency on top of a 20% contingency for steel based on an actual quote. So what was an \$8 million project in the end, the final cost is \$22 million. We support friends of the reservoir, support address long deferred maintenance projects but not overlapping capital improvement projects as the case with this budget. It makes water bills unaffordable. I served on the water bureau budget committee for four to five years, between 2005 and 2009. The current water bureau budget committee does not represent the broad base community. And there was a comment made this morning that there was an extensive public outreach and there was absolutely no public outreach with regard to the water bureau budget.

Fritz: Thank you, can you clarify, you said that the 12.9% rate increase translated to a 16.7% increase. How is that?

Jones: That's from the financial plan and I believe it's based on increases to the base budget. So there's a 12% or 12.9% to the water rate and also an increase to the base charge and i'm quoting -- these figures are taken from the water bureau's financial plan and I can send you that link.

Fritz: Thank you very much. Good morning.

Dave White: Good morning, i'm david white. For the Oregon refuse and recycling association and chair the tricounty council, the local association that represents Portland's residential and recycling collectors and here to ask for your support for the residential rate ordinance before you. My comments are about the difficult economic situation we find ourselves in. I want you and residential customers in the city to know throughout the region and in Portland, haulers are doing what they can to contain the costs associated with providing selection service. And they're working to do so in a way that allows them to maintain excellent customer service and operational safety. We're working together to weather the economic storm. I have a brief comment about the future. The city has implemented a pilot project to test the collection of food scraps of yard debris and moving to every other week collection of garbage. Our members are assisting the city with the pilot. We want a appropriate that helps meet the city's recovery goals and meets the needs the residents and provides sustainable benefits in the future and we appreciate that the city has listened to our input in developing the pilot and look forward to working with you to implement any changes that result. And finally, we appreciate that the Portland utility review board supports the proposed rates and our efforts to contain costs and increase efficiencies. Thank you.

Fritz: Thank you for coming down.

Mike Dewey: Thank you madam chair and for the record, Mike Dewey, representing the company waste management on behalf of waste management. We have a very good working relationship with the bureau. The food waste is a good collaborative approach to how waste management and other haulers are taking advantage of a these I think tremendous opportunities. I did want to comment just briefly on the clean fleet proposal. And it's actually in action now. Waste management supported that and that's a significant part of this increase. And one of the conversations we've been having with staff, with metro, and just recently with Washington county, a letter went out to the haulers regarding other modes of transportation in terms of vehicles and fueling. And one is the area of compressed natural gas. Our company is doing that in seattle and in southern California and in some

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areas using landfill gas. I mention that because if -- we think we ought to take a look at, that I say that because the greenhouse gas emissions are literally zero with compressed natural gas. So we appreciate what the city is doing and the bureau, but there are next steps that can be taken. In light of that, it is somewhat expensive to move in that direction. Some of you may know that there is a cap on the number of residential customers a company can have, and that's 50,000 in the city. Waste management is approaching that particular cap and we've had conversations with the bureau about suggested changes. We'll hopefully have that conversation with you. And the reason we talk about that is for economies of scale to move to the next step in terms of sustainability, this is an area that needs to be looked at in comparison to how you're going to get to the next goals of recycling and recovery. As an aside, congratulations, commissioner. I'd be happy to answer any questions.

Saltzman: I have one follow-up question. Did you say you're doing that in seattle? Using compressed natural gas?

Dewey: Yes, we are. That's part of the franchise agreement that we have in seattle and also the --

Saltzman: How many customers is your franchise in seattle?

Dewey: Commissioner, I don't know the number, there are two haulers. They did an rfp on that particular area on the commercial side, so we're moving in that direction. We think it's something that's exciting. The trucks are more expensive, fueling is less, the fueling stations are fairly expensive, though. So that has to be taken into consideration. In california, we're using our own gas from the landfill to fuel some of the trucks, which could be opportunities here with landfills we operate, and for other haulers and operators of landfills.

Saltzman: I agree it's an exciting idea, and that it is a good match, because landfill does generate gas, and it would be great to be using that to make cleaner vehicles. I guess maybe you can get back to me later, through email or something, what do you view as the critical threshold numbers of customers you have to -- you need to make it work.

Dewey: And I think that's a reasonable approach, because these trucks cross boundaries, governmental boundaries. Whatever you do as an -- has an impact in Washington county and clackamas county and other jurisdictions.

*****: I'm --

Leonard: The trucks cost more money, does it require a Different kind of internal combustion engine or can you use the standard, and do they convert the tank to a high pressure natural gas tank? What's --

Dewey: Commissioner, the short answer is that it's a different engine.

Leonard: It's a different engine?

Fritz: Thank you very much.

*****: Thank you.

Fritz: Further testimony?

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

Fritz: Would anybody else wish to testify? We will be taking more comments at the budget hearing tomorrow evening and by email and telephone, so from my perspective, every one of the members of the councilman participated in the mayor's recall arbitrated budget, and I think there's still openings for further amendments. So citizens should know that your participation really does matter and that this coming week is the time to get your -- [inaudible] tomorrow evening. Thank you staff 4 your presentations. That moves us -- we can't do -- would you please read the title for item 696.

Moore-Love: We didn't take the 667, 10:15 time certain.

Fritz: Sorry. Thank you. 667.

Item 667.

Fritz: Commissioner Leonard.

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Leonard: Thank you. Paul? Come forward with your team. It's been a particularly challenging year for the bureau of development services. I would say uniquely. So not just for the bureau of development services, but within the city. Paul and Denise, who are before us now, and their management team, have just done a stellar job of guiding this bureau through the economic downturn that's led to the layoff of over half of the employees at the bureau of development services. In spite of that continue they continue to perform outstanding service and as a result of that, have come forward with the fee increase request that they're going to explain at this point. Paul?

Paul Scarlett, Director, Bureau of Development Services: Thank you, commissioner Leonard. Good morning, bureau of development services director, Paul, good morning. I'm here with Denise Klein, our business operations manager, presenting and hoping for your support for the bureau's proposal to increase fees to cover its related expenses. Over the years since 1988, the bureau, through council's direction, has relied primarily on permit fees to support its construction related programs. And through those related programs, the fees that are in place which are calculated on valuations and hence generate the fees necessary to support an offset or expenses has worked well. That arrangement in times when construction activities are vibrant yields us good amounts in fees to the point where we can meet two of our goals. Number one goal is to meet cost recovery a hundred percent on a daily operation, and the other is as part of an operating bureau recovery to meet a five-year financial plan. We put away as much money as we can to weather storms such as the ones we're currently experiencing. We Windsor were able to put away quite a bit of money, 13 million or so, over a period of years, and we have exhausted that rainy day fund, if you will. The fee were proposed in -- the fees we're proposing is consistent with fees we have proposed in the past. We are analyzing on an ongoing basis, but in this case we -- back in February when we summited the budget and financial plan, looked at state indicators that covers construction activities, labor costs, price induction, and essentially connected realistically with the workload, the valuation of projects, the cost of our operation, and presented fees. And that's consistent with what we'd call a realistic indicator. And in January -- excuse me, February, we presented fee increases of 5%. Since that time, and unfortunately continues to today, the valuation of projects continue to decline. In large part the large projects, 20, 30, 40, hundred million dollar projects that we were seeing on a regular basis, five, four years ago, had dwindled mostly to smaller projects, small alterations, remodeling projects, and hence we're not receiving the permit fees necessary to offset our expenses for the last nine months, our costs have outpaced revenue on the average of 157,000 per month. The fees we're proposing were initially geared to make up that gap. We understand and we've taken other measures to reduce our costs as commissioner Leonard indicated, we had to resort to a last act of cutting our staff by 50%. And we for nine months were operating and based on some other factors, such as valuation continued to decline, workload continued to decline, we're at another juncture of having to lay off additional staff. So these fee increases are necessary. The mission of the bureau is to promote safety, livability, economic vitality. The work the employees of the bureau of development services do in meeting that mission and the goals to provide accurate timely service really is vibrant and necessary, and we need to hold on to our employees and the fee increases help to support the mission of the bureau and the goal, and in fact, without fee increases, we are very concerned that our impacts to service may even experience further decline. So we're very confident in the information we've provided. We've worked as we've done in the past with our industry partners and have support from our development review advisory council, and other entities such as home builders association, building owners, and managers association, facilities program building owners, so we're excited. Certainly it's also -- it would be remiss of me if I didn't share with you not everyone is as excited about fee increases, and for good reason, obviously. This is a difficult economic time, and we understand. However, the fact that the bureau relies on fees to support 90% of its operation leaves us very little choice. And 10% of -- the other 10% comes from general fund

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interagency fees. So the building-related programs which is based on valuation of projects and the fees that are increased or proposed to be increased which is 8% now, will get us the necessary funding to maintain the operations and to continue the service level that we pride ourselves on, certainly that's been impacted, but we still hold that as a hallmark, and in conjunction we want to of course continue to pursue innovation and creative programs to suit and meet the needs of our customers, as well as continue to meet the city's and the bureau's mutual goal of being a livable city, and an attractive city, and a safe city. So I have -- we have specifics, and there's an amendment that was submitted yesterday to the fee increases. Denise will go over those details. Thank you.

Denise Kleim, Bureau of Development Services: Thank you. Denise Klein with the -- with bes. There are minor changes on the amendment. One was on the plan check on minimum fee that we just missed, it was for normally it was shown As \$69 and we're asking that be \$70. And then we lowered two fees, one was plan review for wireless facilities from 750 to 500, and the other one was an administrative review fee in our enforcement schedule. So most of these were very minor changes to the original ordinance. There was also something that was crossed out that should have been underlined. So a couple of housekeeping things, and another couple things that were lowered.

Leonard: Do you have that amendment, Karla?

Linly Reese, Deputy City Attorney: Commissioner Fritz, may I ask for a brief comment from Denise? There's one other comment that's not -- one change that's not mentioned in your memo that I just checked with staff, and it's a very minor amendment, but it might be worth mentioning to council. On exhibit f, the very last line of the current has an enforcement waiver application fee of \$100, that line is now removed from the exhibit, the current exhibit f.

Leonard: Is that exhibit e?

Reese: Exhibit f, the very last line on exhibit f, page 1 of 1.

Leonard: Very last line, search warrant abatement fee?

Reese: They're on the current version of exhibit f there's something, the last line is enforcement waiver fee application fee. And that is no longer on exhibit f. So that's a minor change that's not mentioned in the memo.

Kleim: Thank you. Yes. That's correct.

Leonard: Do you have the amendment? Karla, could you hand those out, please?

Fritz: I'm not sure which version I have.

Leonard: So you're talking about exhibit f, administrative review fee? Or the -- which fee were you talking about?

Reese: It's currently the enforcement waiver application fee. I honestly don't have any idea what that is. It just does not show up --

Kleim: If you look at the amended copy, if you're all looking at that exhibit f, the last line on the last page, which is title enforcement fee and penalty schedule, the last line --

Leonard: Hold up here. I want to make sure we're all caught up.

Kleim: It should be the last piece of paper in the amendment.

Leonard: I'm looking at exhibit f, i'm sorry, I don't see -- .

Kleim: I'm looking at the one just handed out. The one just handed out. The last line in the one just handed out says search warrant abatement fee 200. And what we should have had another line under there that was crossed out that said "enforcement waiver application fee \$100." you should have a line at the very end of that page that is crossed out that says enforcement waiver application fee.

Leonard: And we don't. So that's -- it is --

*****: [inaudible]

Fritz: Was the intent to have the enforcement waiver fee of \$100?

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Kleim: The intent is to not have it. We proposed it originally, and then we decided not to have it because we felt it was too burdensome for the applicants asking for a waiver.

Leonard: It is not in what you handed out.

Kleim: It shouldn't be. We don't want to have it enacted.

Scarlett: Sorry about that.

*****: [inaudible]

Fritz: The substitute is correct, you're just bringing it to our attention.

Leonard: So the amendment is correct.

*****: [inaudible]

Leonard: So if I move the amendment, we're good.

Reese: Yep.

Leonard: I move the amendment.

Fritz: Do you want to second that?

Saltzman: Sure.

Fritz: It's been moved and seconded to execute. Please call the roll.

Saltzman: Aye.

Leonard: Aye.

Fritz: Aye. Thank you.

Kleim: I apologize for all the confusion there. So part of what Paul was talking about was how we really went through our fee schedule in great detail, as you can see, we made even last-minute changes to it, and part of what we're seeing that Paul mentioned was, we are seeing a different mix of work. Obviously we're not getting High-rise condos into the work mix. We're not getting large projects into the work mix. And as you know, we did rely on those projects in terms of revenues. So we spent a lot of time working on the fee schedules to really more reflect the work that we have and the work that we anticipate coming to us in the next several years. I don't know if you remember, but there was a five-year moratorium on our building permit fee schedule, fee increases.

And July 1, those -- that moratorium is listed. The moratorium was there because of the enactment of the development review fee. Development services review fee five years ago. So we spent a lot of time looking at the building permit fee schedule. We looked a lot at our minimum fees and our minimum fee were not covering the cost of service. So overall we are raising our minimum fees and most fee schedules to about \$70 for each minimum permit. In addition for the building permit fee schedule, we raised the lower end of the fee schedule, higher than the upper end. So someone who has a project that is in the -- up to about \$25,000 range, their fee increase is higher than someone who has, say, a \$10 million project. They're still all paying more fees than prior, but the fee increases is weighted to that Lower end to acknowledge that that is where the work is at this point, and to bring those permits up to more of a cost recovery model, because at this point they are not. So we did that, and we also looked at our -- for the building permit fees at limiting the number of inspections per permit for some of the lower-end work, and have -- and are continuing to work on that so that, for example, a minimum fee that you pay \$70 right now there is unlimited inspections. We try and work with clients, etc., but we will be implementing a limitation on how many inspections they would actually get for that permit. And additional --

Leonard: Would it be more accurate to say how many reinspections?

Kleim: Thank you. Good. Sometimes there are consistent problems you have to go back for so they're reinspections.

Kleim: That's correct.

Fritz: What happens if the problem is not fixed and the inspection limit is reached?

Kleim: Well, we'll be working with them -- first we'll be working with them on what the issue really is. And I'm -- I know in all cases -- not in all cases will we say you are at your limit, but for the ones that are at the limit, then there would be an \$85 charge for another reinspections.

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Fritz: Perrin?

Kleim: Yes. We're at this point we're not ready for a hard implementation on July 1, we're working with our i.t. System to make changes in that so that we're able to do that more on an easier basis for the permit applicant. And implementation will be more of a soft implementation.

Fritz: That's included in this request?

Kleim: It's included in the fee proposal, yes.

Scarlett: Operation with the development review advisory council. Outreach.

Saltzman: Does the office of management finance support this? The increase?

Scarlett: As part of our budget proposal, which includes fee increases, yes. As far as I know. We've worked with them closely. I've not heard any objections.

Saltzman: So we have the increase in January, and we're doing it again in July. And we're also looking at a potential \$5 million investment in technology that's supposed to be paid back in part -- it's supposed to be back -- paid back from revenues generated from future development.

*****: Correct.

Saltzman: I guess I'm just kind of a little puzzled here.

Scarlett: The fee increases --

Saltzman: I understand the dire conditions you're in, but at the same time, how can we possibly be looking at a forecast of construction growth that would possibly ever repay a \$5.5 million general fund loan at this point?

Leonard: Let me take a stab at that. We are, as you know commissioner Saltzman, not in so much of a recession as we are the downside of a business cycle. And business cycles are consistent throughout the history of this country, and the world. We happen to be at this point in time at the bottom of a business cycle. And we anticipate those, we know they're coming, just as we know that as low as construction is now, we absolutely know that at some point in the future, we will have to ramp up again when construction picks up and the economy heats up. That is the typical business cycle. We -- we believe that by loaning us the \$5.2 million to do frankly what should have been done a decade ago, digitize or permitting system, including allowing for developers to submit architectural plans online I have an email, which we are capable of doing now, we will more than be able to pay back our loan, and will allow us to put a greater amount into reserves because we won't need the personnel that we currently need to manage the existing system. We will have a system that relies on much fewer people at any given point in time that we have -- than we have needed in the past. So there's no question in my mind that as the stock market drops, so it rises, as the economy suffers, so it prospers. And we're just having to get through these difficult times with the idea in mind that things will turn around as they always have.

Saltzman: I spoke with omf last week, I believe, and this was certainly one of the topics we spoke about. I was led to believe they want to drive a very independent analysis of the ability to repay because -- except what commissioner Leonard says, we do operate in cycles, but sometimes those of us who rely on what's happened in the past to predict what's happened in the future often find out we're wrong. And there may never be a building boom that we've witnessed in that last four or five years again in Portland. So I think we need a really good, hard, independent analysis of that, and I'm told omf is insisting upon that --

Leonard: And we have agreed to it.

Scarlett: That's actually occurred. We have a preliminary report.

Leonard: But the bigger point is whether there's another building boom ever like the one we experienced in the '90s. Early parts of this decade are not aside, people who come in and get a permit deserve to have a modernized permitting system. And we don't have the capacity to do that now. This will allow us to do that, and this will allow us to repay the loan as well. And I'm convinced. So I think what we're trying to do is not just suffer from the consequences of a devastating blow, but to also see this as an opportunity to implement some fundamental structural

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changes at the bureau of development services that in good times would be impossible to do for a variety of reasons. And now is the ironically best Time to implement the structural changes that by the way come with labor support now that I would think in good times would not have.

Saltzman: These fees have been approved by the developer -- by the building owner --

Scarlett: Yes.

Saltzman: Building owners and managers association? Did the small business advisory committee -

Scarlett: It's presented to small business advisory council and we did get support, yes. I met with the new chair, andrew, I can't remember his last name.

Fritz: I have a question about the noise variance for construction activities, which is on page 1 of 2 of exhibit g. It talks about a fee for a -- a review fee for a variance that's limited to a maximum of \$680 for a 12-month period. After having been \$408 for the first week. So i'm wondering why would we waive noise standards for a very long time without requiring additional penalties, or additional fees for that waiver?

Kleim: There are sometimes -- sometimes there's construction projects that go on for an extended period of time. A lot of them are public works kinds of projects, and so this is in here so that to give the ability of the noise review board to carefully review the request for variance, and then grant variances that are necessary for that sort of work. They spent a lot of time quizzing and grilling the applicants at their meetings, And take it very, very seriously. And ask for all kinds of mitigation to be put in place before they approve these kinds of things.

Fritz: What kind of tools and approval criteria did they have to be able to instruct companies to be quieter as quickly as possible?

Kleim: Well, our noise review officer looks at things. In some cases there's an accuse call engineer that's been hired that provides a report and at times the noise review board will ask for certain other mitigation, additional baffling and that sort of thing. So it really is very dependent upon the case.

Fritz: This seems very limited, the \$680 for 12 months. Compared with \$408 for the first week.

Kleim: You think it's too low?

Fritz: Yes. It doesn't seem to be much of an incentive to get your noisy stuff done as efficiently as possible if you're not really paying that much more for doing it for 12 months versus two weeks.

Kleim: I see what you mean. You know, I think -- I understand what you're saying. I think the -- when the applications are reviewed by the noise officer and the manager, and noise review board, they're pretty savvy, and do consider what the project is and how long it will take, and that sort of thing. But I understand what you're point is.

Fritz: I encourage you to look at that kind of incentive Next time you come in with a rate package. It could bring you more revenue. There should be more revenue given that part of development services work is funded by the general funds, those additional fees would help support your total work. And I want to take this opportunity to mention how very much I appreciate the diligent work that you and your staff have been doing under very, very difficult circumstances, and I appreciate the rate increase, but even more I appreciate the work the staff continues to do.

Scarlett: Thank you.

Kleim: We can actually look at this between now and your next meeting and see if there's some --

Leonard: I also want to be mindful, we have a very specific process we go through with the private sector and the public sector, including the Portland's land use chair. And I want to be very respectful of that. And any proposed change from this needs to go through that as well. Otherwise we lose the ability to have assurances to that group. So I appreciate commissioner Fritz's point, but I don't want to just disregard the process that you all go through.

Fritz: Thank you. The other point I wanted to make is in terms of nuisance abatement fees, and to offer the office of neighborhood involvement to work with you and your staff that where there are

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occasions where it says a homeowner or resident can't do the work, and your staff feels Assistance might be better than fining, that I know Bonnie McKnight and the land use chair and others in the office of neighborhood involvement system would be entrusted in looking at neighborhood associations helping with volunteer work, or it's an elderly person, for example, or somebody with a disability who can't mow their lawn, that if you could look with us at alternative mechanisms to call for help rather than fining, where you believe it's appropriate. Obviously -- certainly I think a fee isn't appropriate in some cases, there are other situations I know Commissioner Leonard has been very mindful of in terms of homeowners or residents needing a little bit of assistance to get things fixed up rather than paying for it. We would be very happy to work with you on that.

Scarlett: Great. Ross, the manager for that division, had a good conversation with Bonnie McKnight last week, and this afternoon there is an ordinance coming with the nuisance -- for a nuisance abatement lien as another tool for us, and we pride ourselves in working with people at the lowest level first, and as extensively as possible for assessing penalties. So I appreciate the recommendation.

Fritz: Thank you. Do we have anybody signed up to testify on this matter?

Moore-Love: We do. One person. Jeff Fish.

Fritz: Please come forward, Mr. Fish. Thank you for waiting. We appreciate it. -- we appreciate it. Good morning.

Jeff Fish: Good morning. Presiding Commissioner Fritz, Commissioner Leonard, and congratulations Commissioner Saltzman on your reelection. I'm wearing three hats today. I'm a home builder, and I'm testifying on my behalf, but also testifying as a drac member and I'm also here representing the Portland Home Builders Association at their request. Jeff Fish. You have on file a letter from drac chairman Steve Highteen noticing -- noting the discussion drac has had regarding bds's fire financial situation and the proposed fee increases. I believe we as committee would not have supported these fee increases if there had not been the sincere efforts by Commissioner Leonard, Director Paul Scarlot and staff to do what has been necessary to attempt to bring bds's expenses in line with the revenues. And as a body, we reviewed those at the drac meet and passed the approved fee increases. And representing the Portland Home Builders Association, again, we would not have been supportive if it hadn't been for the efforts I just mentioned a few seconds ago regarding the last couple years of trying to bring revenues and expenses in line. An 8% fee increase was more than we had anticipated. We had discussions with Commissioner Leonard's office over the last couple years of the difference between, as Ms. Coastline mentioned, where revenues were coming in at the home builder and at the public's level, and being supportive -- being carried over by large construction projects. So we were aware that we were going to have to bring those fees up. 8% is higher than we anticipated, but due to the dire situation, we have agreed that that's where we need to go and so the Home Builders Association is supporting that. As we go forward from this point, I think one thing we should always remember is that as we get back into better times, we need to consistently look at and analyze fee structures and service increases as they would be looked at in tough times. And having said that, we do both drac, the Home Builders Association, myself personally, support these increases, and I'm open for questions.

Leonard: Thank you.

Fritz: Thank you very much for coming down.

Moore-Love: We have one person.

Fritz: Thank you for waiting. If you can give us your name, you have three minutes.

Jean-Pierre Veillet: Jean Pierre, I'm with Northwest Sustainable Properties and Site Works Design Build. Thanks to great ideas and great leadership, Portland is a city renowned for building green. That said, the higher cost and the larger permit fees required to produce mid-rise green buildings have required that most green projects be either government sponsored or luxury

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housing. Our project ecoflats on north williams, received a pdc loan due to its goal to shatter the belief that neighborhood-friendly green developments are cost prohibitive and that net energy zero is too expensive. We have create admitted rise model that can be enjoyed by the many and is highly reproducible. Therefore we onr on the verge of creating a field of infill work force housing that is low energy, green, and transportation oriented. Unfortunately, due to recent unexpected spikes in sdc fees that hurt mid rise green development the most, the current threat of an 8% increase from bds and the inability for city agencies to produce a coherent remedy on how these fees ought to be handled, the future of green development is in jeopardy. The trail we are blazing along with other green motivated developers will scarcely be followed. In order to remedy the sdc increase wes looked into city sponsored incentives offered to defer transportation and parks sdc fees as a solution. The result was not useful. The deferral program offered is a first position loan that no bank or even pdc can accept. The deferral program is quickly bonded and sold immediately. We have since paid interest on it even though our permits are not issued for another three months. Because the city has not Produced a solution that can be used, another solution must be developed. Mid rise structures already pay on an average of 12% in permit costs, and city fee increase to this cost makes projects not viable. Put simply, the margins are already too thin and what are the benefits to investors? When the 8% bds fee arose, I was so in disbelief I thought I was not seeing things correctly. Realization is that we the developers are the only one who see things as they are. Now I have engaged with other green developers around the cities, I have learned they are having the same concerns over the fee increases, and I have gained their support in this letter as you will see. The truth is that we should be look nothing the benefits of a decrease in city fees. Currently system development charges are not properly valuing the green development that is alignment with the city's green goals. Current structure in addition increases were self tiff defeeght because already sdc's are hurting the very developments that put less pressure on the sdc systems and any further increase to development will disengage developers who fund the agency. The new effort by the city to raise bds fees on top of the high fees we're already paying will bring development to a stand still in Portland. To remedy this, what we're asking for is four things. First, vote down the 8% bds permit fee increase, and by Doing so, you will be -- you will have begun to spurn green development, and create a grien greener future in Portland. Bore of environmental services has to operate a fee system that awards low water implementation in its sdc charge. Water conservancy has to be rewarded. Do this and it will happen on a larger scale. Third, parks fees need to be more fairly based on size of units rather than on the current per unit charge. Currently we pay the same per unit for a small footprint 600-square-foot unit that one would pay for a 3500-square-foot penthouse. This is a big concern for mid rise development infill work housing, and energy efficient housing. Fourth, the definition of determine should return to a deferral really can mean. The sdc should be deferred and paid when the buildings are put into use of project completion. Building green is obviously very important to climate change, energy conservation, and health and well beak. What's more important, they're a source of regional pride. I've gathered the community of our city, supporters have responded to the call from our lead there's we need to do something better and greener. With the combined experience under our belts we're experiencinged enough to know developers are the only ones to see how all the different city agencies come into play, and it is our combined opinion that our requests have to be met to keep Portland building green instill frurs. In a climate --

Fritz: Are you nearly done? I've given you an extra minute.

Veillet: Two more sentences. In a climate where the market has shifted, we see how our efforts are corey to creating jobs that benefit the city and state. The foreclosure pick up on the right foot and create new green construction jobs, green living, is here at this moment. With the city participation and our request, we can meet the goal of the greenest city for years to come. Our city -- our

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development could be able to include everyone in its goals and could continue to be recognized nationwide.

Fritz: Thank you very much for your testimony. Did you have a question?

Saltzman: First question, can you give that -- can you give your letter to the clerk so we can get copies of that?

Veillet: Absolutely.

Saltzman: And second qi, just -- if we were to say, flirt with some idea of exempting green construction, do we have a definition of what green construction means?

Veillet: I think really what we're talking about here is your mid rise structure. You're already --

Saltzman: What do you mean by mid rise?

Veillet: Mid rise structures, four stories, five story structures. Those are your great infill structures that we really want to see in the city of Portland. They're great for bes, because They're already close to the system, you're not going way outside for a single family home. And they utilize the system we have in place. The problem we have with the mid rise structure and market rate or work force housing is that the parks charges being based per unit rather than unit size. So we're trying to build smaller footprints to keep costs down for people to enjoy these benefits of green structures, we consider that an amenity that people want. And we feel that is unfairly being allocated towards by unit rather than unit size. Secondly, the water conservancy that we put into our projects, we're looking at 30-35 gallons per person peruse and we're paying on a 60-gallon basis. These measures cost us more money to do, we do them because we're motivated to do them, but we could use some assistance for doing so.

Saltzman: You're mean by green structures, mid rise infill, that has some fees that are truly water conservation, other things we would attribute -- landscaping, stuff like that.

Veillet: Yeah. Anything -- we're trying to make it very simple. It would be great if you could allocate different permit fees just a green -- just the green structures, I know that's a complicated process, so i'm trying to address the very things that we could more simply address. In order to keep us working in the ways we are motivated to Work. The big problem now is we have a lot of private money on the -- in the wings, in low-interest-bearing investments that could come back into play. And we'd like to engage that. But meeting with investors of this sort, given the complication of the banks and the conservative loans that we're getting, all this really heavily impacts our pro forma. So it's very hard to engage in investors as the margin gets smaller and smaller. And especially with the uncertainty of construction and development.

Saltzman: Thank you for your testimony. Appreciate it.

Fritz: Thank you. That goes to a second reading next week. And we will move to the regular agenda. Please read the title for 696.

Item 696.

Fritz: This is a mayor Adams issue, would staff please come forward and tell us about it? Good morning.

*******:** Good morning.

Teresa Boyle, Bureau of Transportation: Teresa boil from the Portland bureau of transportation, and art pierce. This action is a follow-on step from council action in january and february of this year that identified a \$30 million funding program for the city's share of local match for the Portland-milwaukie project. When the council -- the council adopted the plan, they directed transportation and pdc to enter into an intergovernmental agreement for a portion of the funds transfer between our two agencies, and that's what this Action is today.

Fritz: It said 20 minutes requested.

Boyle: I talk fast.

Fritz: Did you have any questions, commissioner Leonard? Does anybody want to testify on this? It moves to a second reading next week. Thank you.

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*****: Thank you.

Fritz: Read the title for agenda item 699.

Item 699.

Fritz: Thank you. This again is a transportation item, so I'd invite staff to give us the report.

John Rist, Bureau of Transportation: Thank you. Good morning, commissioners. John Rist with the bureau of transportation. The ordinance you have before you on this is an ordinance that is essentially cleaning up some of our fee applications. It is an ordinance that will repeal the outdated fees and amend other sections in title 16 and 17 of city code, and consolidate all of our fees in one location for the public in the Portland policy document. And it updates some of the various fees that we charge today. These are reflected in our budget request. It's complying with city code on cost recovery, and it is a direction of various fees that will be applied in the development services that will generate about a \$75,000 of increased rawfs for us that prior to that we had been subsidizing with gtr revenues, some various parking fee increases, generate about \$63,500, and then we are implementing in this next fiscal year a leaf fee that was approved by council in the 190708 - 2007-08 budget, a leaf fee that would be imposed this fall. That would generate about 800,000, just more than 800,000, which would cover our costs, we're assuming a certain percentage anywhere from 20-25% of residents would not pay. So that's all reflected in the ordinance before you. So that the intent here is to consolidate them all into the Portland policy documents.

Fritz: What public input went into the preparation of this?

Rist: Sure. Commissioner Fritz, we obviously moved them through the budget advisory committee. They approved the methodology, they approved these fees. We went to I think it's -- I may not have the correct term for this, but the chairs of neighborhood associations on some of these fees that deal with community events, so there are now -- block parties have zero fee, but some of the fees that are community events have different fees based on whether alcohol is present or not present. So all of that was reviewed through I think the name of the organization is the chairs of neighborhood associations. I may not be saying that right.

Fritz: It's all right.

Rist: I think you know what I mean.

Fritz: Did you notify the response to the feedback you heard?

Rist: Yes, but I think they endorsed what we had recommended. And we brought that all back through our budget advisory committee, and they approved it all.

Fritz: Ok. And could you elaborate a little bit on the leaf fee? I -- that's -- I'm glad you highlighted that.

Rist: The leaf fee, we've calculated what our costs are, and we're going to be working with the revenue bureau and the water bureau on collecting the fee. It will be -- we will have two -- right now we started this past leaf season two processes, where there's in 28 we will have 28 leaf districts, and in those districts we'll do a one sweep, and we just go through and collect and accumulate the leaves, and then some neighborhoods we do two sweeps, wherein the second sweep we actually, with the sweeper we clean the streets. So we will have -- for a residential fee we'll have \$15 for those neighborhoods that have the one sweep per year, \$30 for two sweep. We are also for any small business that is below 76 linear feet, that they abut the street for those small businesses they will pay the residential fee, 15 or 30 for any larger businesses that have more linear square feet, they will pay \$65.

Fritz: How will this be collected?

Rist: Through the revenue bureau. They will generate the invoice to the businesses and to the homeowners.

Fritz: A direct separate bill?

Rist: Correct.

Fritz: How did you identify the 28 districts and whether they'd get one or two sweeps?

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Rist: You're moving into a direction here where maybe I ought to bring up one of our staff people out of the bureau of maintenance.

Fritz: I that I would be helpful. Thank you. Good morning. Please give us your name and tell us what you know.

Peter Wojcicki, Bureau of Transportation: Good morning, peter, I work at maintenance operations. The 28 districts, they were based on past history of the districts and neighborhoods that we have previously swept, and cleaned as well as we made some changes this year, some proposals that actually removed leaf districts or reduced the service that what's we're talking about, one cleaning versus two. And then added some districts that our crews as well as our data showed that we had lots of leaf or lots of debris clean-up after our leaf season, identifying areas in north Portland near the university or in st. Johns that had high levels of leaves outside of the leaf season. So we wanted to include them as part of the leaf season. So that's where some of the other districts were added.

Fritz: What kind of outreach did you do in developing this leaf district concept in terms of meeting with neighborhood associations and businesses and such?

Wojcicki: We haven't gone forward with that until we've gotten approval to let them know of the changes. We can't put the horse benefit cart, but as soon as we know we're moving forward the expectation is my manager and maintenance operations, group manager will go out to the neighborhood association and present the plans to the groups.

Fritz: My understanding is this is part of the bureau of transportation's revenue proposal in the budget. So citizens can testify on this at tomorrow's budget hearing, they can send us letters about this. You can watch on wonderful channel 30 at home, there's still opportunities to testify on this. Thank you very much. Other questions from council? Thank you. Does anybody want to testify on this? It moves to second reading. Our next item is number 700.

Item 700.

Fritz: Second reading, please call the roll.

Saltzman: Aye.

Leonard: Aye.

Fritz: This sign has been in place over two years, it's the sign that shows whether there's parking spaces in three of our downtown garages. And we have a -- it seems reasonable since we had a temporary agreement that we pay what's in arrears. I am going to be interested when we look at ongoing management of parking garages as to whether having one sign or more than one sign is actually a cost benefit for the city and the citizens. I'm willing to support this. Aye. Please read the title for 701. McClure

Item 701.

Fritz: Another mayor Adams item. Ms. Moody.

Christine Moody, Bureau of Purchases: Good morning. Christine moody, procurement services. The report recommending a contract award to the low bidder in the amount of \$801,904. The city identified 16 divisions of work for potential minority, women, and emerging small business subcontracting opportunities. McClure and sons solicited 46 subbids from mwsb contractors and received six bids. They are using three of these bids as part of this project. Participation on this project is 1.8%. And work is being performed in the areas of concrete cutting, trucking, and traffic control. I'll turn this back over to council, if there are any questions about the bidding process.

Fritz: I was wondering why the minority women and so low.

Moody: That's why I had added some extra language in here. They did solicit 46 subbids, and the contractor is here and I talked to him before expand he said that he didn't receive any bids. So he received six bids and he used three of them, the other three were not the low subbid, so he didn't use those.

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Fritz: I think ongoing this is going to be something that we'll be looking at in terms of equity for the Portland plan and other processes that -- for sending out bids which we're required to do, but we're not getting any bids, why is that? I'll be interested in more Discussion on that.

Moody: Ok.

Fritz: Did the contractor want to make any statements? Good morning. Thank you for waiting all this time. Your name is?

Les McClure: Les mcclure.

Fritz: Did you want to tell us anything about the project?

McClure: As far as the minority participation? Well, for some reason either -- there were only two main bids on the job, general contractors, and usually there's six, eight, 10. And there's some complications with the job that wasn't an easy job, so we had a lot of hard times getting minorities to bid on it also. So we just did not have the participation that we usually have.

Fritz: You are familiar -- you usually do get more participation when you put out these kinds of bids?

McClure: Yes, ma'am.

Fritz: Do you have any notion of -- because of the difficulty of the job, do you think that's why it was, or do you have any discussions for why that might have been?

McClure: A lot of times it's timing. If there's other jobs that are out there bidding, there seem to be more favorable to people. But it seems like we just did not on this particular project, couldn't get much interest in it.

Fritz: Thank you for trying. Appreciate it. This is a report, so I need a motion to accept.

Saltzman: So moved.

Fritz: Please call the roll. Does anybody want to testify on this? Sorry. Thank you.

Saltzman: Aye.

Leonard: Aye.

Fritz: Thank you. That explanation was helpful. Aye. And that is all we can do this morning. So we adjourned until 2:00. [gavel pounded]

At 11:56 a.m., Council recessed.

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Adams: Today is wednesday, may 19th, 2012, and we're in afternoon session. Karla, please call the roll.

[roll call]

Adams: Let's, if it's ok with the council, let's begin with the 2:00 time certain and then we'll take the holdovers from the morning. Obviously brevity is of high value.

Item 703.

Adams: Welcome back.

Allison Madsen, Revenue Bureau: Thank you. Good afternoon, mayor and commissioners. I'm allison madison, the special events coordinator for the city of Portland. I'm here this afternoon with someone i'm sure you recognize, jeff curtis, the executive director of the rose festival foundation. We're here today with the ordinance that represents a year's work for the rose festival staff, volunteers, and a large number of city employee and partner agency employees. This ordinance authorizes three parades, the water village, and the associated street closures and other things involved with having the event. I can talk at length about the rose festival and what it means to the city, but I wrote myself a note so I avoid doing just that. 2010 is the 103rd year of this great force of civic pride, as well as the first year as the official festival is the city of Portland as adopted by this council earlier in the year. Your efforts working with the -- working in partnership with the rose festival foundation bring to life a series of events that draw people together not only from our fair city, but from the region, all corners of the country, and the world. I would like to take a moment to recognize the staff of Portland police office, transportation, water, parks and recreation, as well as the regional agencies of tri-met, Multnomah county, and odot. These professionals take great pride in their contributions to the city's official festival, and the rose festival foundation staff and their volunteers cannot be overlooked. No other Portland event has such a dedicated long-serving volunteer base. So for so many reasons, i'm really proud to be here to present this ordinance to you for your support.

Jeff Curtis: Jeff curtis, executive director of the rose festival foundation. We're coming here next week with our court and so they're going to come and tell you, give you the -- all the details of rose festival, which i'm really looking forward to, and all the different events and aspects. That's really the tangible side. I want to take a moment to talk about the intangibles of rose festival. Other tangibles that we often refer to are the economic impact of the festival and all those very important pieces that make this a viable part of our community and a necessary part of our community, but it's the intangibles that sometimes get forgotten. That's coming true this year in our theme called rose spirit. Is that can mean a lot of things to different people. Where I see that most prevalently, and I saw it -- I see it every year, i'm really proud of this particular theme, every year as executive director I get a chance to see people and talk to different people and what this means to them. I had a moment last year that struck me and it will be with me probably for my life related to some citizens that were engaged in rose festival. It took place at waterfront village, and last year was difficult economy, just like this is a difficult economy for a lot of our citizens, and as I was sitting there enjoying the event and participating in it, which I do every day, a family sat next to me and they sat down, it was really struck me, it was two parents, two children, and they had this big cooler with them. And that struck me because we usually don't allow coolers, but at the same time when someone walks in we don't say no to that. But they sat down and they got in and started getting out sandwiches and grape and chips, and it was the manner of conversation that I heard that I think is -- struck me. This was a couple family from southeast Portland. They got the sandwiches out and Put a piece of sandwich in front of each children and divided up the grapes. And then chips. And the conversation was about three feet away from them, they didn't know who I was, but they said,

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this is all we have this year. It's a tough year for us. No cotton candy, no hot dogs, this is it. And those kids, I have no idea of their ages, but their response was, mom, dad, thank you for taking me to the rose festival. And that's an example of rose spirit. It's an intangible. It struck me, and I hope I have more of those memories. The reality is. That takes place on the parade routes, all over this town, and I think that that should never be forgotten publicly or within our organization. So that's the relevance of this ordinance, is every council for 103 years has the authority to grant the rose festival the permits to make it happen. That's your role, and I'm very grateful for you, and that is a responsibility that shouldn't be overlooked. And on behalf of my board, my staff, the volunteers, and citizens, we thank you for your support of the rose festival. Thank you very much.

Adams: Any discussion from council before we take testimony and vote on this? Anyone signed up? Anyone wish to testify? It's an emergency, Karla, please call the vote.

Fish: Thank you Jeff for this presentation, and we're also very excited about the service program that we have jointly devised that will involve both the rose festival court helping an elderly resident of our community rehab her house. And we're very grateful for that partnership, and I'm looking forward to the parade. In fact I'll be marching with Daimler in the starlight parade. And thanks to everybody from the rose festival for what you do. For our city. Commissioner Leonard, thank you for being the council rabbi for this great organization. Aye.

Saltzman: Thank you, I look forward to a great festival. Sorry I won't be here next week to see the court, but I have been at two events already where they have been, so I have seen them, and we had the principles from Marshall worked in my office over spring break, so our office is rooting for you, Ileana. Great festival. Aye.

Leonard: Aye.

Fritz: No pressure, commissioner Saltzman. Thank you very much for supporting this wonderful event. And I greatly appreciate everybody who is involved. It's fun to think that this year, it's good to think this year to know that this year everybody is sharing the sidewalk, because it's a sidewalk management ordinance that we have, everybody is welcome to be on the parade route, and we have the ordinance that commissioner Leonard led last year to make sure that people can camp overnight just for the rose parade. And we also know that we will be sharing the sidewalks with those who live outside throughout the rose festival, so we greatly appreciate that, and the good work of our police who keep the peace. With so people coming into our city, we need to make sure that we look after our current residents. And I'm looking forward to leading the grand floral walk, that will be fun. And again, thank you for all you do. Aye.

Adams: Great work. When is the -- what's the -- are you choose one this year? No. He's having a year off, or he's having a year off. Ok. Thanks for all your work. Aye. [gavel pounded] so approved. That moves us to the regular agenda, we're going to skip 693 to hear 694 and 695.

Items 694 and 695.

Adams: We have transit royalty amongst us. Roger shield assist here. [laughter] and also vicky dee dee to take us through what we're considering today.

Vicky Diede, Bureau of Transportation: Yes. Roger shield assist going to discuss the first item on the agenda, which is the amendment to the contract for the iron works for the prototype streetcar vehicle, and I'll discuss the second item, which is an amendment to the Portland streetcar inc. Contract during This time frame.

Roger Shields: Ok. Thank you. My name is Roger shields. The ordinance that's before you would modify the contract the city currently has with Oregon iron works to build a prototype streetcar. The contract amount is currently 3.6 million, funded from a 4.4 million dollar federal grant. 2.5 million of that has been approved for payment so far. The purpose of the amendment is to substitute an electrical -- what I would call electrical propulsion system in the prototype vehicle. To develop it to test it, and to certify it. If anybody wants to know what electrical propulsion system is, I'm not going to be able to explain it in any detail, but fundamentally it's an electrical --

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electronic nerve center of a vehicle, and it controls many, many devices, it includes hardware and software, and it represents about 20-25% of the cost of the vehicle. The modification that's before you would have rockwell automation inc. Of milwaukee, business wirgs, develop this system. It's obvious it would be built here, since wisconsin is in the united states, and it would be an american-built system, which is not available currently. This would increase the buy-america content according to Oregon iron works, to 90%, which is fairly impressive. And will have some effect on future federal funding issues. As with the current contract, The cost for this work is covered entirely by federal grant or Oregon iron works itself. So there's no city money in this, this is one of those unusual projects. Usually I wouldn't be here on something like this, but the last month the fta announced that they had approved a \$2.4 million federal grant for the purpose of making this replacement of that, \$1.2 million will go to Oregon iron works, the cost actually is expected to be 1.8 million, which they will pay. And the remaining money involves at 1.2 are other services, city tri-met staff, project management, vehicle engineering, and oversight of the replacement. And that will be coming back to council in the future. I mentioned the payment, the contract is very clear that the payment to Oregon iron works is conditioned on this grant approval, on receiving the money, the money will come from fta through tri-met to you, that is the city, and if it doesn't get here, there's no obligation under this change. The contract will be extended to july 1, 2011, and when the cars complete, the city will own it virtually without any cost, and it will be included in the float that's needed to run the east side loop project that opens hopefully in 2012. Any questions, i'd be happy to answer them.

Adams: It's exciting that the federal government is giving us the resources to switch out a european-made propulsion system For a u.s.- made prawp, and you're right, wisconsin since 1848 has been part of the united states. Thank you for underscoring that fact. They beat us by three years in terms of founding of the city.

*******:** I didn't know that.

Adams: Do you want to talk about the other one?

Diede: The other item before you is to amend the contract with Portland streetcar inc. For both project management and vehicle engineering services during this interim time frame between now and when the new grant comes in from the feds. We have resources in the original grant that started this whole process with the prototype that has not been commit and we're now taking the last of that and committing it so we can manage a process until we get the new grant money.

Adams: The one thing on the -- there's a concern I ran into someone today or tweeted someone tweeted me that the bridge closure of the broadway bridge and other restrictions for trucks make local deliveries really hard. So if you could help us get on top of that.

Diede: Absolutely. In fact, we are in contact with I think one of the people who emailed in into the city and we're laying out some rocks so we can make that happen.

Adams: Any other discussion from council? Has anyone signed up to testify for 694, 695?

Moore-Love: I did not have sign-up sheets.

Adams: Please call the vote On 694.

Fish: Thank you. Aye.

Saltzman: Good work. Aye.

Leonard: Aye.

Fritz: This is good to hear that it's coming in, the money isn't being spent on this part of the project. It shows what a good overall project it is that we're leveraging jobs, creating business. Aye.

Adams: Aye. [gavel pounded] please call the vote for item number 695.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] so approved. Can you please read the title for emergency ordinance item number 697. Could you also read emergency ordinance item number 698.

Items 697 and 698.

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Adams: Just a few comments by way of introduction. This is a project of citywide, regionwide significance. It helps to make real the ohsu schnitzer campus, which is an important part of the Portland innovation quadrant that stretches to both sides of the willamette river. That is the part of our strategy, the economic development strategy that includes enhancing the connections and collaborations between higher education institutions, work force development providers, and Private sector partners for which we've got great strengths in each of the districts within the quadrant. These agenda items continue the development of transit and multimodal improvements for the innovation quadrant, and are absolutely essential for our mobility plans for south waterfront district, which has an expectation in its design to be half of the -- those that are accessing south waterfront on a regular basis will do so with means other than driving their car. This tigar grant funding in the amount of \$23 million which we lobbied the federal government for successfully, and i'd like to thank our federal delegation for their help, supports this multimodal future for this district. We j jody yates and chris arms, with the bureau of transportation as well as christine moody, to discuss the agenda items together, 697 and 698.

Jody Yates, Bureau of Transportation: Good afternoon, my name is jody gates, i'm with the bureau of transportation. As mayor Adams indicated, we have a convergence of transportation capital projects in north macadam and south waterfront district. In front of you is a map and i'll describe some of the improvements that have been happening, or going to be happening.

Adams: We just have a blue screen. I want the judges to subtract this time from my chairing minute record.

Yates: No, it doesn't count.

Adams: Commissioner Fritz still holds the record. It's like, what, 45 seconds? You don't have printed out handouts, do you?

Yates: In 2007 odot and the city proceeded with a modification, there was an i-5 ramp that was proposed this, was the i-5 northbound off-ramp at macadam. Odot and the city were proposing a flyover ramp, they had a budget of 30 million and this would separate macadam from the off-ramp of vehicular traffic. In 2007, we revisited the project and reestimated the cost at 60 million, and it would also require 25 to 30 feet of additional right of way. There was basically no one happy with that result. We -- in 2007 and '8, we being odot and the city, did a collaborative effort and reassessed our goals, those being safety access to south waterfront from the freeway, and within the budget of 30 million. What we did was -- the i-5 ramp project, and replaced it with two projects, the southwest harbor and southwest river parkway intersection improvements, and the southwest moody avenue reconstruction project. Concurrently in spring and fall of 2008, there was the north district partnership which convened at ohsu, tri-met, ghs, which is another property owner in the north district of south waterfront, pdc, and pbot. During this tp they agreed to the street plan in the north district, which are the black lines that you see on your map in front of you. Those are not built streets at This time. City council adopted that street plan in fall of 2009. They also agreed to elevating the grade at porter and mood rena inoue, which is where light rail will cross. There's -- in purple is the light rail alignment. And the intersection of porter and moody is circled and that is the elevation will increase from its current grade to 14 feet higher. This accommodates the one limit river bridge crossing for river traffic and then comes down to cross at grade with moody. Additionally in september of 2009 the city applied for the economic stimulus funding to support the moody project. Also known as the tigar grant. In february 2010, this past february, we learned that the -- from the federal government that the city was awarded \$23 million in tiger funds. Going back to the light rail project, also during its planning tri-met and metro proposed a crossing of naito at lincoln street. Tri-met was showing an at-grade crossing and odot has current jurisdiction over this roadway being southwest naito, would require a bridge over naito, and not be at grade. This is an increase in cost to the project. The city, however, if we take jurisdiction, would allow an at-grade crossing. So one of the agenda items is to accept jurisdiction of southwest naito to i-405 to

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the north to I believe southwest market street. We already have jurisdiction of Naito north of that point. Also we would be taking in the same jurisdictional transfer southwest harbor from southwest naito to southwest river parkway. This fulfills a 1989 ordinance that said when we constructed the southwest harrison connector, we would assume jurisdiction from odot for that portion of the roadway itself. Staff is having that you approve the two agenda items before you, one to authorize us to proceed to an agreement with the fta for receiving the 23 million dollars in funds for the moody project as well as approving the jurisdictional transfer of southwest naito and southwest harbor.

Leonard: So the crossing at naito would be at grade? Was it originally proposed to be elevated?

Yates: No. In tri-met's going taition and metro's documentation it's always been proposed at grade.

Leonard: Does that mean we have to have traffic stops?

Yates: There would be some sort of crossing improvement there, yes.

Adams: Any questions? Do you want to move to the next one?

Yates: Yes. The next agenda item actually relates to southwest moody as well. Christine will take that one.

Moore-Love: They've requested to read 702 as part of these items.

Adams: Oh, ok.

Item 702.

Christine Moody, Bureau of Purchases: Christine moody, procurement services. Ordinance before you asks for an Exemption troot decisional low-bid processing using an rfp project to select a general contractor for the southwest moody avenue project. The project involves technical complexities and requires specialized expertise for its construction within a very tight time frame. Project must be operational by february of 2012 in order to meet the funding requirements of the 23 million dollar federal stimulus tiger grant. Procurement services and pbot will conduct a competitive process to select the cmgc. The successful cmgc will participate in the final engineering phase of the project for value engineering and constructability review will assist in developing phasing and construction planning, and will provide the high he specialized skills required in order to complete the project by the 2012 deadline. Using this process will result in substantial cost savings to the public because the cmgc will participate in value engineering and constructability reviews and are develop construction phasing plan and well-coordinated project schedule. Also the cmgc will have more time and opportunities to negotiate costs and normally afforded during the traditional low bid process. So the construction work for this project is estimated at \$25 million, and will be built under the federal transit strawtion regulations and requirements. I'll turn this back over to council if you have questions.

Leonard: This is 702?

Moody: This is item 702.

Leonard: It says 43 million 685.

Moody: That is the total construction, total project cost. The construction cost is just estimated at \$25 million.

Leonard: I see. And then you say that the -- within the document that the confidence is he as to the cost. Is that because it could be actually lower given the cost of projects, or potentially could be higher?

*******:** When the project was initially estimated, a full buildout, we estimated the total project to be 66 million dollars and that's what we applied for the tiger grant. We received only a portion of the tiger grant funds, and so the total budget we have is 43 and we are designing the project to meet that budget. August but it's undur the rules it's considered low confidence because it's at the, what, 30% level?

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*****: Yes, and tri-met has been carrying that in the light rail plans, earlier today you passed an ordinance for the engineering services contract. So we actually haven't started our engineering at this point.

Adams: Other council discussion? Has anyone signed up to testify for 697, 98, or 702? All right, Karla, please call the roll on these three items. For the vote on these three items.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 697 is approved. Please call the vote on 698.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 698 is approved. Please call the vote on 702.

Fish: Aye.

Saltzman: Aye.

Leonard: Aye.

Fritz: Just to emphasize, we're getting 23 million dollars in federal funding at least on this, so it's a really great thing for the city. Aye.

Adams: Just on that note, when I was last at the u.s. Conference of mayors, there was a lot of well-intentioned sort of teasing and bitterness, this is one of the largest tiger awards on the west coast. Aye. [gavel pounded] let's go to resolution item number 704.

Moore-Love: We were holding off on 693 until later?

Item 704.

Adams: Welcome back.

Margaret Van Vliet, Director, Portland Housing Bureau: Thank you. Mayor Adams, commissioners, good afternoon, I will be joined i'm sure momentarily by a member of my team who's working on these business items with us. So I want to give a very brief update on the transition towards the creation of the Portland housing bureau. And report to you that we are on time and we'll be complete with the transition on July 1st of this year. I would say we're also on budget and on mission, so feeling very good about the progress towards creating one bureau, and really want to appreciate the support that the council has given not just to the bureau, but also to the work we do around housing and homelessness. This is the more than runs the housing development finance section at the Portland housing bureau. Some of the context before I turn it over to me. We're doing a lot of work towards this transition in getting a lot of the business process pieces put in place as well as kind of the policy pieces. Pdc, as you know, is the city's bank, and so we're taking a significant chunk of their banking business and pulling it over into the city. And part of the way they've managed to do that is that they have pretty set guidelines and rules for underwriting, they have a committee process established with knowledgeable staff on underwriting and deal structuring, there's a certain level of delegated authority that the director of pdc has, and what we're hoping to do is replicate many of those pieces on the city side, but at a smaller scale. To better manage the housing business. And then wherever possible, we're going to work to increase citizen oversight and transparency, and put the work a little bit more in the public eye. Another important part of the context that I want to report to you is we're making good progress towards merging the two pretty different cultures. I'm excited to have the employees all on the city's -- city employment in a couple of months. We are working hard to rethink the best parts of the two processes around community engagement around how we do citizen advisory processes, and so forth. We're also trying to think very intentionally about how we create a continuum of housing, how our housing products are contracts, our lending and those different pieces we do fit into the broader context of a continuum of housing from homelessness all the way through homeownership assistance. I want to report to you that we were working hard on an equity agenda so we make sure our housing products reach communities of color that have experience impacts on all measures of poverty -- poverty, including housing barriers. And we want to do our work in the context of larger planning efforts certainly including the Portland plan, but economic development strategy, schools, transit and the

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like. So lots of work happening on lots of dimensions. And this piece we're asking to you look at today is really a core piece of how we're going to do the business that as I say, comi runs for us. It's the housing development finance loan products, the multifamily lending functions, If you will. So the first item is number 704, it's the ordinance that establishes loan guidelines.

Komi Kalevor, Portland Development Commission: My name is comi, good afternoon mayor Adams, commissioners. We have six products, six loan products that are being adopted by the bureau. And just describe them briefly. The first one, I believe this is exhibit a, which is attached to the resolution. The first one is the housing development subordinate loan. That's a loan for projects -- affordable housing projects that have enough cash flow to pay amortizing loans. The second one is equity -- a cash flow load. And equity guide is for affordable housing projects -- very affordable. This is for single people making 16-20,000 a year or less, and families making about 30,000 in that neighborhood. So the rents are very low, and what the cash flow loads allows the projects to -- allows them the freedom -- they're only liable to pay back the loans when they have a good year. They have a bad year, they don't owe anything. This is a product we target for very low income citizens. We also have a community facility grant, so where we have facilities like day care center, or men's shelter or women's shelter or any of that sort, we have a facility grant. And grants are typically forgiven after an extended use period. And the use period could be anywhere from 10 to 60 years Depending on policies. We also have the next -- this is number four, housing developments, subordinate loan, similar to the first one. The first one is for rental projects. Will the fourth one, the housing development loan is for sale projects. On occasion we finance construction of developments. There's two that are going on currently, both in inner state, one is called -- it's part of the new columbia, it's the last piece of the new columbia, it's eight units being developed by a group called -- the banks would not lend, the site is vacant for a few years, so to complete the blight or to complete the new columbia projects, we're able to come through with the housing development support nateed loan for that particular project. Another one is called pcri target homes, which is west of new columbia also, and the for sale -- the housing development for sale loan products we expect to be repaid in full when those homes are completed and sold. And we have a good track record of doing that. Number five is the housing development bridge loan. And the bridge loan is designed to tide developers over while they seek permanent loans. Sometimes banks are slow in responding to timing needs of the development and if they are developments critical to our housing mission, we'll do a bridge loan and expect to be repaid within a year or two. And the last one, which is number six, is a predevelopment loan. Predevelopment loan helps with steadying the market, the feasibility, the soil, and the markets before development is established. They are risky loans, but we have been successful so far with that product. With that, I send it back to margaret.

Van Vliet: I think the only thing I would add before taking your questions is that the guidelines, we expect to revisit in the context of a couple of thifntle we want to do a robust analysis of the portfolio that we currently have, and understand what lessons learned there are. And think about maybe modifying some of the parameters inside those guidelines. Another piece is that yes going to be doing some planning and some focus groups and want to get back some feedback from customers and see if they recommend any policy changes. So it's very possible likely that we'll come back within the year and ask you to reapprove some guidelines with some modified parameters. But effectively we're bringing these over as they are at pdc. With that I take your questions.

Adams: Questions from council? Anyone wish to testify?

Fritz: Thank you for briefing me. When we talked to my office, we talked about a citizen advisory capacity. Could you talk about what your plans are for citizen --

Van Vliet: Absolutely. That's connect the to the next item as well. So what we want to be able to do is look at all the points where people have access to our resources, and make sure that we have

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some citizen input and a robust way to have community engagement in guiding those. So at the point where the project gets to the loan stage and we're underwriting and applying some of these parameters, it's pretty well cooked. But we do think that we have room within the establishment of a housing investment committee which is item 705 today, where we can place the citizen on that commission. But I think probably the place where we have more impact is upstream from when a loan is getting underwritten, and so we are taking a look at how can we make sure there's input further upstream before a project gets to underwriting as well. I think there's probably more impact at that point. But we want it throughout. Thank you for that prompt.

Adams: Anyone wish to testify on 704?

Saltzman: Can I ask one question?

*******:** Of course.

Saltzman: I think you know the interests of constructing a safe house for survivors of human trafficking, would something under the nonprofit facility grant, would that be an eligible --

Van Vliet: That would be an eligible application, absolutely, fit was going to acetaminophen ralph at that points or studios, it might fit under one of the others as well. But definitely it would fit Under a grant.

*******:** And predevelopment as well.

Adams: Is there anyone that wishes to testify on 704? Please call the vote.

Fish: This is another step forward, mayor, in the progress towards the complete merger of the talent and treasurer of the folks who do housing at Portland development commission with the former bureau of housing community development. I want to thank margaret and comi for their thoughtful work in bringing this piece forward and we are on track this july to have the merger completed. So i'm proud to vote aye.

Saltzman: Aye.

Leonard: Aye.

Fritz: Congratulations, commissioner Fish and director van viet for accomplishing a difficult merger. And I appreciate you bringing these ordinances to us today. I especially appreciate your willingness to engage with me and my bureaus with the citizen engagement piece, and we're happy to help with that. Aye.

Adams: I want to thank you both for your leadership and hard work in creating this brand-new bureau and your entire team for your work to put it together. It's serving I believe the citizens much better than the previous status quo and big thanks to commissioner nick Fish for his willingness to take this on and seeing it through. Aye. [gavel pounded] so approved. Unless there's objection, 705 moves to a second reading next Week. [gavel pounded] so done. We now have a series of ordinances that we have to vote on individually, but I think they --

Saltzman: You can read them all.

Adams: Please read 706-714.

Items 706, 707, 708, 709, 710, 711, 712, 713, and 714.

Adams: Commissioner dan Saltzman.

Saltzman: Thank you mayor, members of the council. For over two years, the city, Multnomah county, and community partners have been in the planning phase for a new center to help survivors of domestic violence to become self-sufficient. Today these research planning and outreach efforts have culminate the in the nine different council items before us and the ultimate opening of the gateway center for domestic violence services exactly two months from today on july 20th, located at 102nd and east burnside. The opening of this center could not be timelier. In november and december of last year, our community experienced 17 domestic violence-related deaths and domestic violence accounts for nearly half of all of the assaults in the city of Portland. The gateway center will be the first publicly known and colocated location for survivors and their families to receive a myriad of services to help in the cycle of -- end the cycle of abuse. Currently in the

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Portland area survivors of domestic violence must go to numerous locations to receive the full range of service they require. This makes for an extremely time consuming hard-to-navigate process which often overwhelms many survivors. Especially those with children in tow. And keeps them from receiving the help and services they need. The gateway center will solve this problem and add to the service spectrum. Of note, because of my partnership with Multnomah county with the Multnomah county courts, the gateway center will be the first location other than the downtown county courthouse for a survivor of domestic violence to obtain a restraining order. A federal appropriations secured by senator ron wyden will fund the equipment and technology necessary to make these remote restraining orders reality. The state department of human services will be partnering with the center to provide online -- on-site access to housing grants, and state aid, including organ trail cards. Legal aid services of Oregon will provide civil legal assistance to assist with child custody, immigration issues, and housing issues. The district attorney will ensure a specialized district attorney is on site and we have a district attorney victim advocate on site to help clients obtain prosecution services if they so seek them, and provide access to victims compensation funding. Volunteers of america will have a teen-specific programming and child care specific for the Children who have experienced trauma. This part is largely fund by the Portland children's levy. And we have culturally specific services from the domestic violence community providing navigation services to help survivors navigate the systems and access the services they need through partnerships with bradley angle, catholic charities, and the ywca. Here to talk about the agreements is martha strong-morris, the director of the service, mary, of the bradley angle healing roots center, karen james of catholic charities unica program, and katrina, of russian Oregon social services who in just a couple weeks will be joining the center as one of its staff. Welcome.

Martha Stawn Morris: Thank you. I appreciate that you've already had a long day today, so we're going to try to keep our comments brief. Today's a great day. Martha strongmore. Director, gateway center. I'm excited. Today's a great day. Today we realized our final step toward the implementation vision. The gateway center will be a public facility offering a variety of services, specifically and exclusively for victims of family abuse. We'll be open during week bayh day business hours, environment will be safe, comfortable, homelike, and have child care so parents have time to consider the options before them. The documents before you, Intergovernmental agreement and grants, are very carefully crafted to ensure the benefits of colocation are realized for victims, survivors, their children, and are partners in a larger community. I'd like to thank linda law and the -- in the city attorney's office who did a great job helping work through the substance of these documents as well as the partners, who spent time working on them. So the vision for the center has always ben included three things. Accountability for the public investment, emphasis on consistently high quality service delivery, and access to services for traditionally underserved populations. Because the documents before you support each of those components, i'd like to highlight each just briefly. First, accountability. The documents before you not only define who many of the on-site partners will be, they ensure that their work will be collaborative in a -- integrate and survivor centered. The work of the various on-site partners will be accountable, both to a 13-member advisory council, but also to you, the elected officials of both the city and the county. You will have the information you need to determine whether this investment has served our citizens as intended, because the documents before you require that on-site partners participate in data collection, dissemination, and evaluation as direct the by the advisory council. The documents also support consistent service delivery because they require all partners who work closely together and to respond to each others' question and perspectives about participants' needs. The expectation of collaboration created by the documents and the resultant consistency in high quality service delivery is very important for the center to build trust with participants. We need to make sure that everybody has a good and experienced -- a valuable experience when they come to center, but not for the participants. For the partners in our community too. I need to build trust

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with police officers and other referrers, so I want to a police officer to know when they refer a victim to the gateway center, that we will pick up their work where they left off in doing everything we can to ensure that the maximum benefit of the public safety intervention. Obviously accountability for the public investment and consistent high quality service delivery is important for many in the community. But maybe no barahona more so than our minority population who face barriers to accessing services. So the last thing that I want to highlight is the role of the navigator and how that will help us ensure accession to our services for traditionally underserved population. The navigator is a personal guide. They're the first person that a Participant meets with after they've been cleared to receive services in the center. When they sit down with a participant they learn about their lives and listen to their story, and talk, and give information, and answer questions, provide advice about services and resources. Navigators are experts in the dynamics of partner violence and will help participants understand how the dynamics are in play in their own lives and relationships. They'll be -- they'll make referrals, and set appointment, ultimately helping each participant decide if when and which are the next best steps for their lives. The documents before you include six contracts for navigator service and five of them are for culturally specific services. Participants coming to our building will be treated with dignity and respect and have somebody they feel comfortable talking to who will understand their situation from their cultural perspectives. Of course our culturally specific navigators will be able to provide services to majority culture participants as well. Everybody will have good access to services in our building. Before I finish I want to tell you that we've been really careful in the selection of our city employees. We've looked at them carefully for their diversity expertise as well. I would like to introduce you to dianna lee, who is in the audience. She's our receptionist and admin Support, she's a native Portlander, but her parents immigrated here in 1975. They're hmong. She spent last three years working at erco, and I really know and promise you that she will be treating people with dignity and respect and comfort when they come in the door. I'm also really thrilled that koreana has accepted the position much program coordinator for a -- she is here today representing russian Oregon social services, where she's worked for 10 years. She received her mba in 2008, and she's another great talent on our taupe and is going to do great things at the center. So i'm pleased to have her. My partners here today are each recipients of the culturally specific navigator contract, three of the five. And they're just going to send a few minutes -- spend a few minutes talking about their perspective at the gateway center. But then we'll be done with our presentation. Leslie kay from legal aid services of Oregon, is here in the audience as well. And rod underhill from the district attorney's office is also here. So you have questions about their agreements as we'll be happy to take those as well.

Mary Dziejewczynski: I'm the executive director at bradley angle. One of the programs is the healing roots center, which has been around four or five years now. The healing roots center specifically reaches out and Serves african-american and african immigrant survivors and their families. Over the last four or five years has been a good job at building trust within the community. And one of the people leading that way is fasia, who is unable to be here today, but will be the navigator connected to the gateway. And I also like to mention one of our -- a skidmore award-winner most recently. So she's been doing fabulous work for a number of years. I'm here to express appreciation and excitement over the partnership with the gateway -- what feels correct is the sincere and intentional collaboration with community-based organizations. In doing the work rather than just building something new, spinning it off and calling it good. I think there's been some sincere thoughtfulness in how it's been constructed, and I think that thoughtfulness is -- values the importance of community-based work that's built around relationships and trust. Knowing, notesly knowing a phone number, but knowing a face. And by linking these navigators that will be present in our human roots center with the gateway, and referring across those two entities, being able to have her work from two different locations and serve two different communities, it eases transportation issues for people, but also just spreads her out a little bit to be able to serve people

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more efficiently across Portland so i'm excited About the gateway, and I think it's been put together very well and we look forward to reporting out on the success.

Karen James: My name is karen james, i'm the program manager at catholic charities. As many of you know, over a 10% of the population of Multnomah county is composed of latino to laition. Latina survivors face several barriers, including language and cultural barriers, accessing services, additionally they face a lot of racism and discrimination from mainstream agencies and social services providers. Just by default. We're very excited to be part of the collaborative in the gateway center, because we hope that through our history with the community we can spread the word that the gateway center is a safe and inclusive center that is welcoming to survivors of communities of color, immigrants, and refugee populations. And that they'll be trade -- treated with compassion, understanding, and respect. Which many survivors have been through a lot. So it means a lot to them to empower them and have services centered around their needs. We're excited about the colocation of the restraining order and the dhs self-sufficiency services. Many of -- much of our population lives east of 82nd and many have transportation issues, have never been downtown, or kind of too nervous to come counsel town. So the location and the accessibility through the max is going to be very helpful to latina survivors. And help them take that first step to get a restraining order, and get safe, and understand there are resources they are eligible for and can access to leave their dangerous situation.

Karina Rutova: My name is koreana, and I work -- I work -- our organization developed very high expertise in the latin speaking population in the Portland area. It -- this -- even if we can help them it's still difficult for them to access all services. It can take up to several months. By this time it's -- everything can happen. They can be victimized and they can have a lot of community pressures to come back to their abuser. Our navigator can help so people to stop domestic violence forever in their lives, and don't come back to their abusers, and I think it's very vital for the latin speaking population, and I believe they feel safer.

Adams: I have a question about services. You mentioned cultural competency, what about sexual minority groups and -- who and how will that group -- that community be made to feel comfortable and.

Morris: I think I need to work closer with the community to truly anxious that question in the long term. In the short term, we will not be doing gender-based work, we'll be looking at each person individually to understand what Their situation is. We start with a platform that doesn't say you can only come in if our certain gender. And I think that's a really important starting place. I also understand and have a contact with cascades aids project, because they do do social services for some sexual minorities. And our receptionist did an admin person was an lgbt outreach person in the immigrant community, so she brings expertise that we can lesh from, and also our partnership with bradley engle house, because they do sexual minority specific work in domestic violence can also help make sure that we have the right tools and we're taking the right approach to have what feels like a home agency on site would be the ideal. And there's not really an obvious agency that I know of. Maybe i'm wrong, but --

Adams: I think there's a new partner, and I think cascade aids is a good partner as well, but kindle clausen at the q center.

Morris: Yeah.

Adams: She would be interested in being a partner.

Dzieweczynski: If it's ok if I pipe in, bradley engle in addition to the human resources center has an lgbtq domestic violence program and mendez, who is also winning an award at pride this june for leadership in the latina community, but we have a number of groups we do at the q center in collaboration with kendall and those folks, all gender, and i'm also -- they're looking more into prevention around domestic violence, and we would be more Than happy as the gateway unfolds to continue to formulize any of that work to ensure we're serving that community as welt.

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Adams: Great. Thank you very much. Any other discussion with council? Really excellent presentation. Is anyone signed up to testify?

Moore-Love: No one else signed up.

Adams: Then we have a number of votes to make. And we're going to be very, very quick about it. Can you -- .

Fish: Can I make a motion to aggregate these?

Adams: You can, but I already talked to ben and he said no.

Fish: I could make the motion and if it was without objection we could do it.

Adams: Sounds like a lawyerly response. You're welcome to stay up here or move back to more comfortable chairs.

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

Adams: Please call the vote for emergency item 706.

Fish: Thank you all for your presentation and your great work. Many commissioner Saltzman, thank you for your leadership on this project. It is truly -- i'm pleased to vote aye on all of these matters. Aye.

Saltzman: Well, I did want to also acknowledge, thank leslie kay of legal aid services and rod underhill, the district attorney's office who have -- who are here today but have also both served on the -- are serving on the advisory committee to the Gateway center I also want to thank sheriff dan stayton, who is providing a security officer to make sure we're a safe and secure facility. And shannon callahan of my office, who has worked long and hard on this project, and finally, county commissioner -- Multnomah county chair jeff cogan, who is also worked very hard on this project. As I said, we'll be having an opening two months from today and you'll all be receiving an invitation for that. Aye.

Leonard: Aye.

Fritz: I'm just going to make comments on this one. I have to start by thanking commissioner Saltzman, and this is a wonderful example of why i'm so happy that you're going to be serving on the council for another four years. It shows how coordination adds value, and that the good work that our police do can be assisted by having a place like this where people can go and this wonderful program to provide culturally specific navigators by funding the entities in the community who are doing the work. I think it's absolutely the right place to go. Thank you commissioner Saltzman, thank you mayor -- county chair cogan, shannon callahan, martha, the center director, I love your enthusiasm and coordination, keep going. Congressman blumenauer helped secure grants, Multnomah county district attorney michael shrunk has been very helpful, chikita rollins is vital to this whole Work, and all of the organizations within the community and indeed all of the community members who are finally recognizing the domestic violence is something we need to talk about. We need to do something about. And that's what we're doing here today. Thank you very much. Aye.

Adams: Thanks to commissioner Saltzman to for bringing together disparate services into a -- woven into a really fantastically strong public safety and social safety net. Really good work. Really appreciate it, and congratulations to the team and shannon, who helped make it happen as well. Aye. [gavel pounded] please call the vote for 707.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 708.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 709.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 710.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 711.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 712.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 713.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] 714.

Fish: Aye.

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Saltzman: Aye.

Leonard: Aye.

Fritz: The mayor just set a new record for whipping through ordinances. Aye.

Adams: Aye. [gavel pounded] should we keep going, 715. [laughter] congratulations, deserves a round of applause. [applause] all right. This is an emergency ordinance we're considering next. Please read the title for item number 715.

Item 715.

Leonard: Item 715 comes before you as another reaction to the significant challenges the bureau of development service has phased because of the downturn in the construction Industry this past year and other sources of revenue. And what we have found is the inability of the staff at bds to adequately respond to sign code violations to nuisance violations and the like. Just by way of introducing what your -- you'll be doing here today, what we've tried to do right along is never fall into a defensive position of as we've suffered the shortfall, we can't do a certain task because we've lost over half of our people, but rather be creative in how we're we react to the real challenges the bureau of development services is charged with if you go filling for the citizens of Portland, and in this case, it's sometimes very public safety oriented kind of challenges when they are nuisances they can often times be fire hazard and can often times lead to criminal activity or be at least amenable to creating an atmosphere for criminal activity. As result of that, we've -- we're working with the staff, bds developed some enhanced enforcement tools which i'm going to let ross and ed describe for you in more detail. But let me just say for example when some of us are driving down interstate 84 and we see what we know because of our own special knowledge to be purely illegal banners hanging on the sides of buildings and wondering how month after month they stay there, this ordinance is partly designed to get to those problems. That is, complete flaunting of our sign code by some and the complete flaunting by others of Nuisance code violations, knowing that we don't have the staff to respond. So I was happy to work with the staff at bds to bring this forward to give them tools to allow them to better be able to do their jobs.

Ross Caron, Bureau of Development Services: Thank you, commissioner Leonard. Ross with the bureau of development services. And ed with the enforcement program. We're here today to request your approval of a number of code changes within the bureau's enforcement program codes. The ordinance in front of you outlines those and my presentation is going to follow through the way the code works. Adding on to what commissioner Leonard had stated, in general what we have here are some code changes will will allow us some additional penalty -- incentive-based compliance tools, some changes that will allow to us incorporate a number of different enforcement programs we have all under one fee schedule, which creates more streamlined process, given our limited resources. There's a proposal to allow us to explore additional lean collection options as well as some code clarification and general code clarification. So there's a number of changes, feel free to interrupt at any time. I'm going to start with the code clarifications. We are proposing a change to clarify our ability to charge a 10% auditor's office charge which covers the auditor's Offices, administrative process when we request a lien that results from noncompliance with our enforcement process. We are requesting changes to code collar fight language within our code that refers to fees and/or penalties. Right now in title 29 over the last several years we've doon code change here and there and haven't been consistent with our use of terminology. So working with the city attorney's office, we went through and there's a number of changes throughout the ordinance in front of you clarifying penalties and fees. Changes that will allow us to implement administrative fees to cover our cost of doing services. The need, the charge fees to cover the cost of our services has become more acute due to our financial situation. Some of these changes would allow us to implement some of the proposed fee ordinance that council heard earlier today. The next part of the ordinance is making changes to title 29 to allow our bureau to assess monthly penalties when a property owner does not respond to our inspections and notifications for nuisance

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code violations. Since these -- these have traditionally been abated since the financial situation, the bureau has found itself, we have reduced the amount of our nuisance abatement fund from 300,000 dollars a year to 50,000 dollars a year, as commissioner Leonard stated. The only -- we're only able to abate the most serious Sanitation issues, so for dosch give you an idea where this -- where we propose to charge a fee to provide incentives to property owners is since october 2009, out of the 300 now answer is cases that we have had the staff resources to pursue -- investigate and site, only 8% of those or 25 out of those 300 we actually had the funds and felt rose to the levity to abate. The remainder of those nuisance cases we've simply -- we've notified the property owners, we've done site inspections, and then ultimately just closed those cases as unable to abate. So this code change would give us an alternative tool to provide incentive to property owners to come into compliance. We feel this tool will be less costly than our past practice, which was to go out and abate where we would hire a third party contractor and essentially charge those hard fees, the hard costs for abating the properties on to the property owners in the form of a lien. There are already some penalties assessed for nuisance cases. So this is more of a -- not so much a knew but an alternative way of creating financial incentives for folks to come into compliance with our nuisance cases. The next part of our request is requesting some changes to title 29 that would allows us to collect task force recommendations, there was a lien collection task force that was put together in response to the quality rental housing work group's recommendations to council a couple of years ago, This was the lien collection task force was one aspect that we could do it at relatively cost neutral way, and so we've implemented that, or we went through that and these changes would allow us to explore some alternatives such as judgment liens, to pursue -- pursue gaining -- essentially if someone owes us a lien we could go after the individual versus the property. Potentially we can increase our lien revenue, right now we're at about 12% annual on lien payments, so we're hoping that exploring alternatives maybe able to increase the amount of revenue that are generating from the liens owed, which would allow us hopefully provide a higher level of service to the public. There has been concern expressed on alternatives to lien collections, the lien collection request that we're proposing today to make it amendment concurrent to code language and our inbound tent thes to continue to work with the task force members on any action ifs we ultimately decide to take any actions to work with the folks that are involved in the current lien process to essentially we don't want -- we only want to be able to implement something if it's fair, equitable, and it's efficient for the city. And I would just finally say that along with any of these code changes there will need to be rules, policies, and those sorts of things that would go along with it. The last change we're requesting today has to do with the current penalty system set up for sign Code violation. Title throorks the sign code was put into place several years ago and has historically been within the electrical inspections group as part of the position reductions that happen within the bureau of development services, though the sign code enforcement aspect was reassigned to the enforcement program, the code changes that we're proposing today would allow us to essentially streamline our enforcement process by assigning the same enforcement fee schedule to sign code violations as is assigned to all other types of violations, zoning code, work without permit, and housing code. Right now sign code has very specific code language that says you can only do these things at this time and only assess \$1 hundred bit per month, and so this change would allow us to streamline our administrative processes when -- as part of sign code enforcements and ultimately allow us to process those cases more efficiently. That is the end of my presentation. We would like council's approval for this. And at this time if there are any questions, feel free to ask.

Fritz: I had a short discussion with the director this morning regarding the potential for partnering with office of neighborhood involvement for assistance to folks. Can you talk a little bit about that?

Caron: I wanted to mention that. I believe he mentioned bonnie Mcnight specifically. She -- when we did present these code changes to drac, to the neighborhood inspections stakeholder

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advisory committee, and the northwest sign council. And everyone was in support. Bonnie did express some issues with folks that want to comply, but are unable to due to their financial situation, elderly, those types of situations. And we do have a very robust waiver program where people have been in our -- actually our inspectors actively apply this when possible, but the person could contact it and say we're on a fixed income, and we can apply the low-income waiver which allows them additional time to come into compliance with a violation and not accrue any penalties during that period of time. In speaking with bonnie, I suggested that in those kind of situations we would be more than willing and your offer today to work with the office of neighborhood involvement on potentially assisting these people with I think a great example is vehicle-related violations or tall weeds and grass, those types of things where someone wants to correct, they just aren't physically or financially able to do it. We would love to talking to the office of neighborhood involvement about that.

Fritz: Possibly one way to accomplish that would be on your waiver forms to have a check box, would you like assistance. Or do we have your permission to invite neighborhood folks to assist. There are some privacy issues, And independence issues, but if we were to ask the person was to give permission, then we could have contact all kinds of community organizations who might be willing to help.

Caron: If we could find out after some point talk about who we should talk to, we could set up meetings --

Leonard: You have to be very careful so landlords wouldn't abuse that box to say smurks i'd love to have somebody come out and take care of my rental.

Fritz: Agree. Thank you. And i'm pleased to hear the piece about the sign code. This ties into our whole sidewalk management plan. What i'm hearing you say is if negotiation notice a -- it is going to be worth the citizen's while to call that in and there will be new tools for you to manage the enforcement of that.

Caron: Yes. The changes will allow us to streamline some of our process to hopefully free up more staff time to deal with more cases. With that said, we do have limit the staff at this point, so we're -- that is a factor in it.

Fritz: I greatly appreciate the good work you're doing, and I appreciate especially the proposals which will allow you to be more efficient and still get as much of the work done as possible. So it's addressing the needs the community has identified in which I know you've been wanting to help with more than you've had the staff to do.

Caron: Thank you.

Adams: Any discussion? Anyone signed up to testify?

Moore-Love: No one else signed up.

Adams: Anyone wishing to testify that's in the room? All right. This is an emergency. Please call the vote.

Fish: Thank you for your very creative work during a challenging time. Aye.

Saltzman: Good work. Aye.

Leonard: Aye.

Fritz: Thank you. Aye.

Adams: Really again, really important, really good, really tough work. Thanks to you and thanks to commissioner Leonard. Aye. [gavel pounded] all right. So approved. Can you plead please read the title for nonemergency ordinance item number 616. 716.

Item 716.

Adams: Commissioner Leonard.

Leonard: Thank you mayor Adams. This comes before council again as part of the lt2 requirements made of us by the federal government. I'll turn it over to director david schaff.

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David Shaff, Director, Portland Water Bureau: Good afternoon. Army corps of engineers city council, I am david schaff, i'm the director of the Portland water bureau, with me is chief engineer mike store and principal engineer dave peters, he's the project manager on the bull run supply treatment project. As you know, we have the ordinance in front of you to proceed with the design of the disinfection system we're required to build. If we're unable to obtain a variance under the portion of the It2 rule that requires us to build a new treatment plant. As you remember, last year we got direction from you to pursue two alternative paths to It2 compliance. Our preferred alternative is to obtain a variance. We are pursuing that now but if we are unsuccessful in our attempt to obtain a variance, we have to have designed, built, tested, validated, and actually begun operating a treatment plant by april 2014. In order to do that, to meet that required date, we must begin now the design process and these ordinances accomplish that design phase. The RFP was utilized for these contracts in accordance with the city code for professional services. We did one RFP to obtain proposals for three different divisions of work. The proposers were able to propose on one or more divisions of the work and were required to submit separate proposals for each one. We required that each division of work was to be awarded to a separate proposer. No proposer would be awarded more than 1 contract and if one proposer was successful at multiple divisions of work, that did actually happen here, the water bureau at its sole discretion would select a division of work for that successful proposer. We did this in an effort to divide the work on this project among multiple firms to reduce the bureaus' reliance on just one firm and the perception that any individual firm is preferred or has an insider advantage to the detriment of our rate payers. So the three divisions of work are process design, that's the UV component of the disinfection system and the corrosion control system, the facilities, the actual building or the design of the building, itself, and then project support and construction manage, and that includes the building of the 3-d models that are going to be used if and when we build the project for the o&m manual. As I think I mentioned to you in the past, this project is, is the size of my annual, quite a bit bigger than my annual cip project. It's \$100 million approximately, and requires the use of these specialized firms, and we, as I said, we did three divisions of work. We received eight proposals, and we had 265 firms that viewed the rfp, and a number of mbe, and esb firms, as well as 235 non certified firms. And we had a selection committee consisting of five people, and two from the water bureau, a community member with an engineering background, and former chief engineer for tualatin valley water district, and a former, or no, the current chief engineer for the tualatin valley water district, one of our wholesale partners, one of the groups that will be required to help pay for this, and a former engineer for the water bureau, and an engineer with tacoma water, who has extensive knowledge with u.v. Systems and Who is actually helping tacoma make their treatment decision. The three successful finalists were black and veatch, michael willis and associates and ch2m hill, and the black and veatch contract is for \$3.8 million. The michael willis is 4.3, the c.h. Contract is worth \$3.6. The total is for, for 11.8 million. We hope that, that it will come in less than that. There are a couple of design issues that if they are resolved in our favor, we will save, perhaps, a couple million, but we won't know that until we get along for a while. And it is possible that if we are unsuccessful in obtaining our variance, and we do have to build the, the facility, we will be coming back with amendments to these contracts because if we do black and veatch, michael and c.h. Will help us in the construction of the facility, as well, so it is a potential that these contracts could have a total value of \$14.3, but those will be amendments which you will be required to vote on. So, is the design, themselves, \$11.8 million. That's what you are authorizing today. And like I said, I have mike and dave here to answer questions, if you have any.

Adams: Questions, comments.

Adams: All right. Is anyone signed up to testify?

Moore-Love: We have two people.

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Adams: Thank you, gentlemen. Thank you. Welcome back. Good afternoon. Glad you are here. You just need to give your first and last name as per usual if you represent an organization, you need to tell us about it.

Floy Jones: Floy Jones, and friends of the reservoirs so today you are considering awarding \$12 million in consultant contracts related to designing the Bull Run plant. Contracts were expected for this unnecessary work, the process used by the Portland Water Bureau to select these consultants is tainted. They obtained the request, Freedom of Information request called into question the integrity of comments made by Commissioner Leonard last summer, and as to the basis for this expensive decision. And the Portland Water Bureau devised a strategy for awarding contracts to preferred consultants avoiding public transparency while creating an unfair advantage for insider consulting firms, and utilizing flexible service contracts, the Portland Water Bureau has given Bull Run water treatment predesign work to the preferred engineer consultants, and for example, CH2M Hill, giving those consultants an insider advantage for larger design contracts such as those being brought today, and while flexible service contracts are brought to Council for approval, the work, specific work performed under the contracts does not require additional review or authorization by Council. That's avoiding public transparency, and July 29, during the Counselor session, Commissioner Leonard stated that he would not be influenced by Consultants with regard to Bull Run decisions. He specifically named CH2M Hill and MWH saying he directed to use no consultants in recommendations to Council. And through a subsequent effort of the reservoirs, CH2M Hill is working on a Bull Run u.v. Radiation treatment plant project. They were a contributor to the Portland Water Bureau's u.v. Basis for design report completed in July of 2009, and which will influence Council's decisions. And they are also involved in Portland's alternative strategy, the source water variance process, and a clear conflict of interest exists. And CH2M Hill has been working on this treatment plant, basis of design report under a 2007 7 50 flexible service contract. They cited the number, this was brought before Counselor in June of 2007, and there's no public disclosure of any work to be performed related to controversial projects, such as the design of an additional Bull Run treatment plant. And the authorizing ordinance states that these contracts will support various projects such as water main improvements along the transit mall, and other main improvements. Today you are being asked to award a \$3.77 million supply treatment design contract to CH2M Hill. We informed you of the long, inappropriate string of consultant contracts awarded to the corporate home of Jill Glicker since 1995. He's a former Water Bureau Official with Montgomery Watson Global and currently vice president at CH2M Hill. Well-known to Bull Run advocates, and since his employment changed the CH2M Hill, major capital improvement design contracts have followed him.

Adams: Would you like to finish your testimony?

Jones: I would. The Sandy River crossing project, the Powell Butte design tank awarded last summer, flexible service contract, and now the u.v. Radiation plant, and as regional president of MWH, Glicker was awarded many contracts related to construction of a Bull Run treatment plant, and in varying reservoirs, he was hired under a five-year contract in 1997 to 2003, to assist in negotiating environmental protection agency regulation, the long-term rule, and supply to Portland benefits Glicker and his corporate associates in support of CH2M Hill, the bid for the \$8.5 million Powell Butte design contract, they referenced their inside track with the Portland Water Bureau. They stated that they had been working on Portland Water Bureau's u.v. Radiation treatment plant design project. Just two corporations submitted proposals for that \$8.5 million contract. They submitted the alternative proposal under Tetra Tech, and MWA and Black and Veatch are engineering firms, two of the three favored consultants. Tetra Tech is not familiar to the Water Bureau watchdogs. And CH2M Hill made an effort to [inaudible] with the design. They were present when Commissioner Leonard was on tour of Seattle's u.v. Treatment plant in the fall of 2007, and Commissioner Leonard acknowledged the presence was inappropriate. There is controversy surrounding plans for a Bull Run water.

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Adams: Are you close.

Jones: As it relates to the unnecessary construction of an additional bull run treatment plant, and varying Portland's open reservoirs. And the undue influence and improper relationship between the Portland water bureau and the cozy consultants is no small issue. Thank you.

Adams: Very welcome. Welcome.

Cherie Lambert Holenstein: Cherie Lambert Holenstein, since I came prepared to read the rest of Floy Jones' excellent testimony in case she wasn't able to finish it, I'm not prepared, but since I've been down here since 9:30, I will take a minute to say something. A year ago, Commissioner Fish, July 29, said in the chambers we are fixing a problem that doesn't need fixing. That problem that doesn't need fixing, that gets fixed, will burden our rate payers with, with double water costs, 2009 or 2014, 2015, will burden the folks who live and do business here and will aggravate the social services, and perhaps, worst of all, when do damage to our precious Bull Run water. 9 events unfolded last week, proved you folks, you can make changes on your positions. Please, please, please do a no-vote on this. This is your water. This is our water. Water is life. Thank you.

Adams: Thank you both very much. Appreciate it. Director --

Leonard: I should probably, I don't normally like to do this, but give a reaction. It is true that in September of 2007, I did a tour of Seattle's ultraviolet system, and I was accompanied by the gentleman that preceded you, and when I discovered that our tour was accompanied by officials of sewage Ch2m Hill I expressed my displeasure, and did not like it and was very clear about that. And as I walked through the various issues of treatment over the, the intervening three years, I made some decisions that were, of course, left out of the testimony you just heard. I decided against what the water bureau professionals were saying and others using the U.V. system, and if you will recall, Council, I recommended a sand filtration system. And that was left out of the testimony that you heard here a bit ago, and one of the promoters of the system was the people you heard testifying a few minutes ago based on the differentiation in cost. So, I'm used to having things said about me, and in fact, maybe too used to it. Sometimes when you don't rebuke me, publicly, it appears as though -- do I have a time limit? [laughter]

Adams: Yeah. Cystic fibrosis would you wrap up your testimony. [laughter]

Leonard: I'm used to it but I have to say that the things said by one of the people testifying here about David and these folks at the water bureau is just unseen and uncalled for, and people I hold on a personal level in the highest regard. They have the highest level of integrity, and this project reflects that, so like I had, whether it comes my way, I'm used to it, maybe too used to it but I do resent the implication toward David and his staff, and, and others, and, and the truth couldn't be anything more different than what was said here today, and we have relentlessly tried to do the right thing while simultaneously challenging the federal government's decision with respect to the order to cover the reservoirs and to, to treat the system. So, I would like our discussion to be as fact-based as possible, thanks.

Shaff: A couple of facts, the reason that Ch2m Hill was there in Seattle was because they designed, built, and operated the system up in Seattle. So they were the ones that were showing us.

Leonard: But I want to be very consistent, in the interest of transparency, there was the project and I wanted to look at it myself, and I asked to look at it myself and they didn't ask me to come, I asked to go, and the appearance of it upset me greatly and I was clear about it. At the time with them, with you, and with Ch2m Hill.

Shaff: You were.

*****: And a rather testy lunch, actually.

*****: Yes.

Shaff: And I was going to give you more facts.

Adams: Oh, sorry.

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Shaff: On the river crossing it was designed by parsons infrastructure. C.h. Participated to the tune of \$,000 on the basis of design report, and as they participated in the basis of design report on this project, one of the things that I shared with you in a memo was that we have five flexible service contracts with five different engineering firms, and we used all five engineering firms on the basis of the design project deliberately, so that we did not give anyone, any one firm an advantage in the rfp, and finally, the evil glicker does not work on this project. He has no association with this project. He has never been associated with this project.

Leonard: And I assume you were being glib --

Shaff: Yes.

Leonard: If I have ever met him, I don't know.

Shaff: I don't think so.

Leonard: I don't think I have met him.

Adams: So radiation. U.v. Radiation.

*******:** Ok.

Shaff: It's a bright light. Veatch.

Fish: I understand that there are advocates who have come before us and who say in effect we should not begin the planning process for that, not with Standing the, the timetable that we have to be offering the mandate and the risks. And I understand that position. This council has repeatedly rejected that position. And in terms of the contracting process, has anyone that is critical of the process that we have followed, that you have followed to date, suggested an alternative path for contracting so that we can stay on schedule?

Shaff: No.

Fish: Has anyone brought a formal complaint with any, any administrative body or any, any body within the city to raise questions of conflict of interest or failure to follow contracting guidelines or any other alleged impropriety.

Shaff: No.

Fish: I listened to the testimony carefully today, other than the, the objection to us spending any public resources to move forward on a bull run u.v. Radiation, have you been presented with any information which suggests that the contracting process we followed to date deviates in any way from the city code or regulations?

Shaff: No.

Fish: Thank you.

Fritz: Thank you for the detailed memo you sent to us without being asked, gave us more information and background and that's always helpful, so I appreciate you stepping up and giving us that information. And I know that the water bureau is working very hard to obtain the variance and that all of our frustrations to get the variances so we don't have to do the ultraviolet treatment. Can you tell us the status of That, please?

Shaff: I checked on that last night, and through the end of april, we have tested and validated from the lab just under 44,000 liters of water, and we have found zero [inaudible] through that same period of time we have done 57 hot spots samples, and have, have found zero. We have had two or three event sam application, events are defined periods when, when there is a certain amount of rain and flow into the system, and we're we went out and actually tested for, for, or took samples and tested them for crypto spiridium. That's 40% of the way through the process. We have a ways to go, we have our summer drought process that we have to go through, and but, so far, we have found no indication, no crypto spiridium. In the watershed but we have a ways to go. We have revised our sampling plan pursuant to suggestions from the epa and we are sending off our second revision to the sampling plan today, and we are meeting with the epa and going into the watershed with them, the second week of june, and, and if all goes as we hope it goes, by this time next year, we

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should have applied for, for and should be awaiting a decision from the epa and that will all occur before we would break ground on a u.v. Facility.

Fritz: And we are required to test through the end of the year, that's correct?

Shaff: We are going to collect and test 10,500 samples ask the schedule we are on will take us Through december of this year.

Fritz: If we waited to start doing these plans we would not have time to build it.

Shaff: We would not make the april 1, 2014 dan tilkin.

Fritz: I really appreciate your work on that. And I also appreciate the fact that 20% of the proposed contracts, \$3 million is going to minority women and small businesses, so my only suggestion is to have some diversity on the selection committee, and to consider, um, having somebody on the selection committee for future contracts with more of a bankings expert that doesn't have to, have the expertise in water and issues, so that again, there is no possible past, future, or present connection between the -- at least one of the citizens, the community members on the committee, also recognize you need to create a great amount of expertise.

Shaff: Ok.

Fritz: Thank you very much.

Adams: All right. Are there any final comments? This will move to a second reading and vote.

Leonard: I'm sorry. What was the last one?

Adams: Second reading and vote next week.

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

Adams: Thank you for the presentation.

Fish: I see the chair of the board, the Portland development commission is here. If you want us to move up the thursday afternoon partly to this afternoon?

*******:** I will need a little help for that presentation.

Adams: You are just hanging?

*******:** I'm just hanging.

Adams: That's very nice of you. Ok. Remember, randy, no --

Leonard: Don't have any connection to u.v. Systems.

*******:** Come on.

Adams: Can you please read the title for item number 693.

Item 693.

Adams: Mr. Ketchum and byer. Who is starting us off?

Sallie Edmunds, Bureau of Planning and Sustainability: Thank you, and good afternoon. I'm sally with the bureau of planning and sustainability, and we are here to provide you with a short presentation on our proposed amendment to the tetra tech contract. On april 15, you unanimously adopted the river plan north reach, and that plan identifies high priority restoration sites and requires mitigation for development and redevelopment activities that impact natural resources, and the plan also directs the city to establish a mitigation bank, so the proposed contract amendments that's before you, would allow tetrtech to complete the work they have been doing for us over the last year, and some of the work is necessary so that the river plan can go into effect, and in january, and 2011, as planned, and other aspects allow us to develop the mitigation bank, which is something that you will hear about more from anne and paul. And so, i'll talk about the first part of the contract. And that is to have tetrtech complete the work on the model used to objectively assess the impact of the development on natural resources when an applicant mitigates off-site. And the model will go to an independent science panel, and tetrtech will help us to respond to comments that may result from that science panel review. And the next part of the contract will allow tetrtech to finalize the cost recovery pricing, and information, that will serve as the basis for the fee charge. And so, as you know, river plan allows for a fee for certain development actions. So, we have had some draft numbers we've been working with, and this will allow us to have more

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precise numbers so these two products that I just mentioned will be the subject of several stakeholder meetings this summer, and will form the basis of a report that we will bring back to you in the fall. So anne is going to talk about the other parts of the contract.

Ann Beier, Director, Office of Healthy Working Rivers: Good afternoon, mayor and commissioners. Anne beyer, the director of the office of healthy working rivers. One of the tasks that the office has been charged with is to help establish a mitigation bank for purposes of, of mitigating for development impacts in the north reach. And one thing that we heard from industry is that their land is valuable, and they want to do industrial work on it. So, they cannot always mitigate on-site. We were asked to create the, the structure for mitigation bank, so they could do that restoration activity to mitigate off-site. By, by using the tetrtech contract, we're able to have them continue the work that they have started for the institutional pieces that we need for mitigation bank. One of those is a prospectus, which outlines our intent to create a bank, the more specific instrument is called an instrument that really sets forth the detail of the mitigation bank, and a piece that we'll be asking tetrtech to do, the second piece is to, actually, get to work on restoration project, or restoration projects, so that at the point that there is development in the north reach, we can actually sell mitigation credits, so, working with the bureau of environmental services, watershed services group, we have identified a couple of sites to do not just conceptual work, but actually, predesign so that when we have the resources, we'll be able to do the actual restoration to make mitigation credits available. This is a great project because it's been a collaboration across the groups to really try to pull the resources together to deliver a product that the industry is, has asked for and you asked for as far as implementing the plan. Paul can answer any questions about the restoration sites and, and the design kind of work, and what we're looking for in the restoration project.

Paul Ketchum: Briefly to add to, her comments, we are going to be proceeding with, under this contract, with predesign for two sites in the north reach, so it will take the work that tetrtech has done at a conceptual level for three sites, and we'll select two sites to go forward with more detailed planning, and that will allow us to, essentially, collect the, the survey data, the existing conditions data for two sites, and look at alternative approaches to restoring habitat on those two sites, and to look for any fatal flaws, and in those design alternatives, and then to, to recommend a preferred alternative, which leaves us 30% design for two sites, and from that point forward, we could go further with the design process pending further investigation.

Adams: Is one of the sites the port of Portland transmission line site? Or are these two beyond that line?

Ketchum: The two sites we selected, that are part of the contract at this time, are the willamette cove and swan island property. Both are publicly owned.

Adams: Other questions? This is an emergency. Is anyone here to testify?

Moore-Love: No one signed up.

Adams: Call the vote on item 693.

Saltzman: Aye.

Leonard: Aye.

Fritz: Thank you sally for your work and mayor Adams for your leadership. Recently adopted north reach plan, and identifies high Priority restoration sites, and provides a mechanism for industry to develop quickly and by purchasing these mitigation credits so that it makes it a lot easier to do development because the individual property owner doesn't have to figure out the right kind of mitigation to put on-site and we'll do that for them as part of this contract. So, I know the mayor shares my disappointment that there was a recent editorial, on the appeal of the north reach plan there contract amendment shows that we are moving forward with implementation of the north reach plan and how it is really going to make it easier for the industry to do what industry does best, and no, sir industrial jobs and providing good manufacturing. What we do well and what we will

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continue to do well with tetrattech's help is designing the mitigation bank and putting this into action. So, we are following through with doing what we said that we would do, and we are facilitating the job growth on the river in this manner by providing this mitigation, so I appreciate tetrattech's partnership with us, this extends, amends the contract to complete the work that has been begun, and I am very supportive of, of their approach and of the continued passion of everybody involved. Aye.

Fish: Aye.

Adams: This is a very business-like approach. And to getting a factual basis to what are the options for Mitigation bank, which will give more certainty and flexible to the businesses that are contemplating development or investment in the sites within the north reach so I thank you for your continuing great work. Aye. We recess until tomorrow.

At 4:00 p.m., Council recessed.

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MAY 20, 2010 2:00 PM

[roll call]

Adams: Please read the emergency ordinance time certain, 717.

Item 717.

Adams: Mr. Scott, welcome back.

Andrew Scott, Office of Management and Finance: Thank you. Good afternoon. Today council is considering the fy 29-10 spring bump. It's the time when bureaus report on their financial and program performance in the current fiscal year and make adjustments to the current fiscal year budget. We did have a work session on this a week ago, it feels longer than that, but I think it was a week ago, and there are a few changes in terms of what was actually filed. We do have some technical changes to exhibits one and two, and we'd appreciate a motion --

Adams: Move to supplement exhibits 1 and 2 for a new exhibits --

Fish: Second.

Adams: Karla, please call the vote. Approved. Please continue.

Scott: So the bump just to hit the highlights, and again, we went over the details a week ago, it does have a total draw on contingency of 342,000. And just as a reminder, we have about \$907,000 in contingency for the rest of the year. This would take about \$342,000 Out of that, leaving 565,000. The bump also sets aside \$400,000 of that contingency and uses it for next year's budget. So it will again take that over and carry it forward to next year. So after those two changes, there would be about \$165,000 left between now and June 30th in general fund contingency. There are a number of other items in here. There are some carry-over requests. There were some exceptions made in this bump. They're showing up about 286,000 dollars of carry-over. There are six bureaus that asked for and received compensation set-aside this year, and again, based on earlier guidance, the bureaus that do take their set-aside this year will be required to pay that back either next year or over the next couple of years. And then there are a number of new requests which I just mentioned coming out for \$342,000, and some technical adjustments as well. And I'm happy to answer any questions.

Adams: Questions from council or amendments?

Fish: I have an amendment. And I'm going to read this just to make sure I get it right. I have a change to the spring bump that my office has discussed with financial planning and with the mayor's office. And I may have misspoken during our work session last week. Council has approved the acquisition of several park Properties, including Gilbert Heights and Terrace Trails, Play Haven, and Parks requested this year's O & M for these properties per the council policy. Because OMF wasn't able to get final confirmation last week prior to the lockdown of the spring bump, I was informed we would need to add the prorated costs at this session. I have been told that OMF is prepared with the appropriate documentation for this change, so I move that we amend the spring bump to include \$34,761 for parks O & M.

Adams: Second.

Saltzman: Second.

Fritz: Is this a one-time allocation, or ongoing?

Fish: This would be a ongoing.

Scott: It's one-time allocation in the bump, but it's also an item for the approved budget, this will be coming back to council next week. It will be in the approved budget change memo.

Fish: I misspoke last week, I got carried away and when -- when I said I thought this had been resolved. It had been discussed, but not resolved, and that was my error.

Adams: Karla, please call the vote.

Fish: Aye. **Saltzman:** Aye. **Leonard:** Aye. **Fritz:** Aye. **Adams:** Aye. [gavel pounded] amendment is approved. Any other amendments?

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Leonard: I have an amendment. Relative to the water bureau that removes from the water bureau's budget the anticipated Costs of acquiring the westside staging area.

Adams: Is there a second?

Saltzman: Second.

Adams: So moved and seconded. More discussion, commissioner Leonard?

Leonard: No.

Adams: Ok. Anybody else?

Fritz: Yeah, I just got this. So it's proposed that -- I support the amendment, i'm wondering about putting it into contingency. The 9.5 million going into contingency.

Leonard: Why don't you have some of the water bureau financial folks come up as well?

*******:** I'll defer to them.

Fritz: There was another question in the spring bump packages, there was 10 million already going into contingency, this financial year, and now we're going to put another 9.5 machine into contingency?

*******:** I didn't hear the question.

Fritz: This 9.5 million is proposed to go into contingency, and then there's already 10 million going into contingency. So i'm wondering why the extra going into contingency rather than paying doubt rights for next year.

Celia Heron: I'm cecilia with the Portland water bureau. The money that's returning to contingency is basically reducing our budget appropriations. When we developed the '10-11 rates, we had already factored in the savings that we identified as -- that it was \$9 million, and then --

Leonard: It's like an ending Fund balance. This does reduce the rates. They use the word contingency, but it reduces the rate.

Fritz: My understanding it is was previously planned to spend it on the westside staging area.

Leonard: She's not talking about -- she's talking about the original -- you asked about the original balance that was in there. That was dedicated to reducing the rates. This will further be dedicated towards reducing the overall budget of the water bureau next year.

Fritz: How much of contingency is then set aside to going into paying for things in the project list?

Heron: What will happen is the money that's going back to contingency will be used to fund capital program next year, and we will basically have to sell less bonds next year that was planned.

Fritz: So the 9.5 million that was going to be used soon to purchase a property, we already bonded for that?

Heron: No. We will return that money to contingency and next your our plan to sell bonds will be reduced by that amount. So our plan is to sell bonds again next year to fund the capital program, that amount will be reduced by the this amount of \$9 million.

Fritz: Each year you buy the bonds for that year's program? You don't bond two years in advance?

Heron: We -- in the past have bonded for two years. But because our capital program Has ground for our projects, we will -- we are playing -- our plan is to be selling bonds on an annual basis for the next four years.

Fritz: So the 9.5 nonwas currently in the previous package, apart from the amendment, went into setting the rates that --

Heron: Were presented, yes.

Fritz: And you were counting on that. So now this -- this additional \$9.5 million, why does it go into contingency rather than -- .

Heron: It's just the account that's been used to hold money until we need it, and we'll be put it into the budget next year as part of the transfers.

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Fritz: Did the money you put into contingency this year come from the materials and services which decreased 23% this year?

Heron: No, it should be out of the capital expenditures.

Fritz: The capital expenditures are shown on budget, but it's the external materials and services which are down, the 23 million from 31 million? What happens to that money?

Heron: Oh, i'm sorry. That must be the --

Fritz: Look at page 41 of 118 in the bump.

Scott: You're referring to the projections in the water bureau's write-up in the financial planning division's --

Fritz: Yes. We have the revised budget being plus million, and the year-end projection being 23.9 million. What -- where does that -- those savings go into which fund? Which line item?

Heron: Those also have been -- are -- have been planned to be returned to contingency as far as setting the rates next year.

Adams: Is the mechanical -- I just want to see if my understanding is at all near correct. We can't budget directly from this year on these line items and inject it into next year's budget line item. It first has to do the half step of contingency and then that's the means for which it is brought over from one fiscal year to another? Is that accurate?

Leonard: It helps transition to it other capital projects, the money will be spent on other capital projects, not on the west side light rail, and it's -- it goes to that place to park, until it's then used for capital projects that are included in the budget that will be approved.

Adams: That are authorized.

Heron: Right.

Adams: It's part of your cash flow cash transfer.

Leonard: Right.

Fritz: We have the cash we were just about to spend it on this land, right? The 9.5 million.

Heron: Yes.

Fritz: I don't understand why that only reduces the proposed rate .9%, when the cuts within the water bureau which were going to be 1.9% which much less than \$9.5 million. How come it only buys back --

Scott: It's a capital expenditure, so the amount that would actually buy down on the rate. Would only be the debt service on that capital expenditure, and I that I would have been roughly \$500,000, \$450,000 the debt service on the 9.5 million. So again, the rate buy-down would only be the debt service on that portion. It wouldn't be the entire amount.

Adams: Because you've got a long list of capital projects and as you have money, you work your way down the list? Is that --

Scott: I think it's part of it, and water can talk more detailed about their specific rates, but in general the large capital intie bureaus, their rates are based on their operating costs, which include debt service on the projects which they're currently funding. They have currently taken out debt for. But they don't generally charge in those rates the entire cost of the capital project, because that's what we finance over a number of years.

Fritz: So it's shows in the external materials and services line, it's showing 8 million plus down for this year, and then in next year's projected request, it's asking for an -- you're asking for an increase in \$8 million in services s that a carry-over?

Scott: I can speak at least to the current year projection. We are projecting the year-end balance would be lower, which the water bureau could carry over to next year. I don't have their 10-11 information in front of me.

Fritz: It asks for \$42 million in external material Services, which is significantly more than the 23 million that was sent this year. I'm trying to get a handle on why we're -- what has already benefactor in addition rates and what hasn't.

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Scott: Everything in water bureau's 10-11 request that is sylvan-highlands up, including the 40-plus million would have benefactorred into the rate request.

Fritz: Why would there be a close to \$20 million increase in services next year compared to what we spent this year?

Heron: It might be just a mix of the projects that we have in the capital plan. Because you're looking at the total budget which includes both the operating and the capital.

Fritz: And if we were buying the property, what line item would that be under in next year's budget? Capital outlay?

Heron: Yes.

Fritz: Thank you.

Saltzman: By next year's budget are you referring to 11-10?

Heron: 10-11.

Saltzman: Ok.

Saltzman: So there will be no capital outlay for the west side property in 10-11.

Heron: That's correct.

Adams: There was never budget in the 10-11 capital budget for this purchase.

David Shaff, Director, Portland Water Bureau: But you're right, mayor, our amendment yesterday to the rate ordinance reflects that change which is why the rate went down -- went from 12.9 to 12.

Saltzman: It was --

Fish: It was your -- now we're closing the loop. That's why the commissioner in charge is bringing this up.

Shaff: That's correct.

Fish: Thank you.

Adams: Any other discussion from council? Karla, please call the vote.

Fish: I appreciate that exchange and the explanation. Aye.

Saltzman: I appreciate this amendment, and I guess I just want to reiterate a little bit about what we discussed yesterday about this west side property as a staging area for the city. This demands a broader council participation in this decision-making process than what has occurred to date. This entire council cares about the safety of this city, this entire council should be involved in decisions of this nature. What was going to happen was basically we were going to buy the most prime industrial piece of property job ready, shovel red any northwest Portland and turn it into parking lots and storage structures for the city. That's a very key piece of property. It demands a lot larger conversation that involves people and the business community. It also involves given the fact this property was also in a lick with faction zone, which runs contrary to being prepared for earthquakes, we need to be looking at other sites on the west side, perhaps disperse sites too. And I want to see the council have a work session on this topic before any further Expenditures are made. I don't want to see this being made as some sort of budget move by the water bureau or somebody else without full council's participation. These are important decisions, we all take them seriously, but they also affect in this particular instance jobs, and I think we're all about creating jobs in the city too. So I look forward to those future discussions. I appreciate the amendments and discussion yesterday, and the amendment commissioner Leonard just brought forward and i'm pleased to vote aye.

Leonard: I need to react to that. To somehow suggest as commissioner Saltzman did yesterday, the water bureau has not got a connection to a west side staging area. It would be inappropriate for the water bureau to spend ratepayer dollars to buy a staging area for the west side. I was dumbfounded yesterday when I heard that said. We actually a few years ago during immediately after the august 29th 2007 hurricane katrina strike sent two crews of 30 water bureau employees to new orleans and helped that city restore its water, which we were told by the mayor of new orleans and others saved

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lives. Not just from the prospective of providing people drinking water, but from a firefighterring perspective. To somehow suggest there's no connection from the water bureau to a staging area on the west side, that would require the same services as the east side. Requires, indicates there's a cataclysmic event such as an earthquake that would drop all the bridges in the city, such as some kind of an incident that the would remove the one pipe that carries water from the east side to the west side is irresponsible. And to somehow suggest that as commissioner Saltzman did, it should be on terminal one, which is in a flood zone, which is the last place you want to have a staging area, is I don't know how to react to that. I'm happy to have a fuller discussion. I'm happy to talk about this as thoroughly and as transparently as anybody does. But I hope it includes a lack of any other agendas being brought to the table as we discuss it. Let's find a west side staging area, if you want to find a better place than, that i'm happy to do that. But I don't appreciate some of the things that have been said leading up to that. Aye.

Fritz: I support this amendment and i'm glad to see that we're not moving heads with this proposed project without the full council discussion. Obviously there's a lot of dishawtion needs to be had and i'd like to join in a work session to look at the alternatives. Clearly we need a west side staging area to provide safety in emergencies, and we equally clearly need to find a sustainable and reasonable funding mechanism. We can't be looking to the water bureau to be the bank of the City, and before we move forward we need to discuss how the other public safety bureaus, police, fire, transportation, all general fund bureaus would be able to pay their fair share. So I would look forward to that discussion. I'm also glad to see that this does decrease the rates by .9%, it still means the 12% proposed rate increase includes no cuts to staffing in the water bureau, which considering all of the bureaus are taking cuts, including public safety. I can't support. And indeed in boec we're taking 7% cut. In my little office of neighborhood involvement, we're doing staff reductions. With fewer than 25 people. So the notion that with over 600 employees in the water bureau and with a budget of 224 million dollars that there can be no savings found within the water bureau, I can't accept that. But that's a discussion for another day. I'm pleased to vote aye on the amendment.

Adams: So our -- though we're not clear in media coverage today, the forecasted rate for water, which last year was 18%, will come in at 12%, and the requested rate increase in environmental services at 6.9 will come in at 6.35. And we've worked hard to balance impacts of rates on families and businesses that are struggling in this tough time with staying up on maintenance and responding to our federal and state mandate in addition to community expectations. It was 2½ years ago that I Agreed to support the sears armory's future as housing. And in that discussion my colleagues might recall that I remained very concerned about the fact that the west side did not have a staging area given that the sears armory was quite suited, quite well suited for west side staging area. I asked for and got council authorization to work with the mayor at that time to come up with a site for the west side staging area. It was an explicit part of our discussion in making that decision about the sears armory. So 2½ years have transpired, and we've looked at sites at across the west side. And i'd be happy to share the results of that work. Every single site has pluses and minuses. There are almost no sites that are not subject to liquefaction, that are a flat plain, flat in terms of the right lacking in an incline, and/or subject to flood or landslides. And also suitable in terms of providing not just freeway, but other access, local access points across the west side. But no site is perfect. All the sierkts unless this council wants to change residential or commercial -- residential or commercial zoning, all of these sites we looked at were either heavy commercial or industrial. Why? Because I think the city should play by the same rules that requires businesses to play by. And that is, wink, wink, nudge, nudge this, really is an industrial use. It is akin to freight transfer station, it is akin to automobile importation that already occurs. It needs to be more than just storage of vehicles, though, as important as that is, it also has to have a certain number of supplies. For the west side to be ready. We've also been talking to cell phone providers about right now they have a lot of their

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backup equipment for the west side, only in the suburbs and not located in the downtown area. So i'm happy to share all this work with my council, and I welcome the good tough questions, but if the litmus test is put out there that once again we find a quote unquote clever excuse to ignore this issue, then the responsibility for our failure to act should something come to pass rests on our collective shoulders. We will address this or I will die trying. Aye. [gavel pounded]

Fish: May I just clarify one thing?

Adams: Now you can.

Fish: As friendly amendment, it was actually a year and a half ago, it feels like 2½ years, and the reason I know that, shortly after that debate the property owner across the street from the jerome sears site put up a billboard that says "i am ruining Multnomah village." I want to acknowledge it was --

Adams: Fair enough.

Saltzman: It's still there.

Fish: My name i.d. Went throughout roof in southwest Portland. But I want to acknowledge that.

Adams: I appreciate the friendly correction.

Fish: Thank you.

Adams: That gets us to the main motion consideration of the bump. Is there any additional discussion? All right. Karla, please call the vote on item number 717.

Fish: The reason we don't -- we're not going to have a more extensive discussion on this is that your office has done a superb job working with each of the council offices to make sure there's a comfort level and an understanding to these numbers. And I think each time we dig into these various budget books, and gap west nile these numbers, it's very complicated. A lot of time, energy goes into each office to understanding it, but it is -- the one constant is it's a pleasure to work with you and your team to make sure we understand what's before us, and also that the appropriate adjustments are made. So I just want to thank you for your courtesies that you and your team extend to my team, and thank the mayor for his leadership on the bump process, which I think has been a relatively smooth operation. And i'm pleased to vote aye.

Saltzman: Aye.

Leonard: Aye.

Fritz: I second commissioner Fish's comments regarding the office of management and finance. In fact, this bump packet has become something that i'm carrying around, it's very helpful As a concise guide to what all the bureaus do and what their budgets were this year and next year. I found it very, very helpful as have and you your staff have been. And I particularly appreciate my colleagues' concurrence with our request for cable and for the office of human relations, which enables us to do the work that we do. Aye.

Adams: Good work. More to come. Aye. [gavel pounded] so approved. Can you please read the title for time certain, we're running 15 minutes late. 718.

Moore: We have to switch out people, so it will be just a moment.

At 2:27 p.m., Council adjourned as the Portland City Council.

At 2:28 p.m., Council convened as the Portland Development Commission Budget Committee.

Adams: They were in the room at the same time, but for -- no, they're still here. I would like the audience and the four viewers listening to -- you've just seen andrew scott, and now i'd like to introduce you the chair of the Portland development commission, scott andrews. Their names are the bane of my existence. And this council. But especially because they each get the wrong emails. And so i'm constantly asking budget questions of the chair of the Portland development

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commission, and I reply to the wrong scott. So one of you is going to have to change your name. That's all there is to it. Welcome to the city council. We're glad you're here. Mr. Chair?

*****: Do we need to convene --

*****: As the budget committee.

Adams: Sorry.

*****: You're working for us today.

Adams: Hi. I always ask a question of Karla. How is your lunch today?

*****: It was very good, thank you.

[roll call]

Item 718.

Adams: [gavel pounded] We're now convened as the Portland development commission budget committee. Mr. Chair.

Scott Andrews, Portland Development Commission: Thank you very much. I'm going to be very brief and turn it over to my two cohorts to go over the budget itself. As you know, there are two basic sources of revenue that pdc relies upon. Tiff and general funds. We're going to start today with the general overview of the total pdc budget, which includes revenues from both sources, and then we're going to go into the general fund requests. That will be followed by a discussion of the ura funding by district funding that's almost all tiff. First a little bit of feedback on this year's process. At the ura committee level, the district budget reflects condprurns our citizen advisory committees. The fund chg received the most negative feedback was the \$10 million for light rail that came out of the north macadam district. Although members were in favor of the project they feel it's Not fair that all this comes from north macadam given the amount of the rail 39 goes through the district. Since all the property taxpayers in the city pay for urban renewal, I think it's quite appropriate for a district to make a significant contribution to a project that benefits the entire city. A little bit of budget overview. We took very seriously the effort to reduce overhead cost and increase efficiency. You'll see in the budget a reduction of nearly 16% in overhead this year and over the past two years we've reduced both overhead and staff by 20%. Our proposed budget includes total requirements of about \$228 million, and total program expenditures are \$188 million. This is about a 38 million dollar decrease from the fiscal year '09-10 budget, that decrease is due mostly to the funding for housing that is outside of our control and has been moved to the Portland housing bureau.

Fish: If I could correct one thing, mr. Chair, it's not exclusively outside of your control, and what i'm pleased to report is that with the launching of the new Portland housing bureau, in fact, there's been an enormously high level of collaboration between the two organizations. Jointly conferring around all decisions aroundhousing. And we very much appreciate the relationship that has followed.

Andrews: And I have -- I appreciate the opportunity and enjoyed working on the housing bureau's budget this year. I think it was very helpful for me to be involved, and I look forward to the opportunity again next year.

Fritz: Could I clarify? The housing amount is less than the previous year also because of the increment revenues are decreasing, is that correct?

Andrews: I think it's due to a couple of things. A lot of times it just has to do with the projects that are underway. And we happen to have two major housing projects underway with the racc and the pearl district housing that's \$100 million worth. Next year we're hoping to get a major project in north macadam under way, but the expenditures get kind of lumpy based on whether or not we've actually got a project going.

Fish: In our -- in phb's budget presentation, we did one of the little charts on our two-pager, one-pager, we did show the five-year trend line which we worked up with pdc and you are correct, that over the next five years particularly over the next three years, this is significant decline in resources

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available for housing. A function which is a function of districts which are sunseting, reaching capacity, and -- in certain districts, front loading of money for particularly this year, and we refer to that as the tiff cliff. Within about 2½ years there is almost a two-thirds decline in available tiff resources for housing. Which is one of the reasons -- the advocacy community there's been renewed interest in looking to find an alternative revenue stream in a couple of years to fill the hole.

Fritz: And also the -- if housing were still in Portland development commission, the total funding is down this year. Is that correct?

Andrews: The total funding -- the total funding from pdc is down. Overall, yes.

Fritz: But --

Fish: But it's a historical high amount --

*******:** Exactly.

Fish: Making us over about \$120 million bureau, which will be a one-time event.

Andrews: It is really complicated. You have to take a look at each one of the urban renewal districts, and see where they are in their life span and in terms of tiff generation and projects. So it does get lumpy and a little hard to compare one year to the next. So one thing I wanted to note was specific urban renewal area programs that benefit small businesses, in this budget total almost \$22 million, which is an increase of 5.6 million over last year, and I think that's really important in an economy that we're dealing with at this point, our business is to provide jobs, small businesses are the biggest generator of jobs, so to the extent that we can help those people out, the most we can, I think that's beneficial. Finally, you're going to notice that in many of our urban renewal areas private construction is very, very slow. We expect to it remain that way until at least 2012, if not 2013, however, as I already mentioned, we have a number of cranes in the air, we've got about \$100 million of construction underway that pdc got started, including the racc, pearl family housing, east side street -- east side streetcar construction, and the burnside couch cuplet on the east side. We're also actively cleaning up property in gateway that will be the home after three-8h acre plaza. With that i'm going to hand it to bruce, who will start the overall --

Bruce Warner, Portland Development Commission: Thank you, mr. Chair. Good afternoon, mayor Adams, members of the council. I apologize, I think we're trying to get the presentation that was just handed out to you up on the screen so you can see it a little more easily. I want to remind you, I did hand you the proposed budget document, as required by state law, and commissioner Fish has already given me a bad time about the size of the document. And the amount of paper that was used. But this is a complete compendium of all the information we've put together. So i'm going to be brief, but you can read my entire budget mess najaf here if you'd like in terms of setting the stage for the budget u. But i'll touch on some of the highlights. So moving on, as the chair said, our budget is about jobs and sustainability, economic opportunity, and equity. And I think you folks say that it's really about the triple bottom line of people, the Planet, and the profit. And I want to make clear that our budget development is guided by your economic development strategy, which our board is also adopted. Which first is put together to help small businesses and neighborhoods, secondly it's to improve the business climate for entrepreneurs, and lastly, to create jobs by helping existing businesses remain strong and grow, and then by recruiting other businesses and industries into our priority clusters, which are -- have been identified, which includes active wear, software, clean technology, which means solar power, wind power, as well as green buildings, and advanced manufacturing. Just to remind you of those. So I think you have this on your screens, so if we go -- if you look at the slide which is also on page three, the chair did mention there's almost a 20% reduction in the cost to operate the organization that you see before you here. The trend for reduced revenues is going to be with us for at least the next three to four years. And so understanding the trend what this is meant to show su that we have been making correspond can changes to our operational costs as we move forward, specifically in personnel and nonproject related materials

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and services reductions to match those resources. If you look at the reductions that are shown in the various areas, I want you to put in mind the last year we eliminated About 14 full-time positions, this year we've removed about 18 full-time equivalent positions as well as limiting all the temporary assistance and monies for temporary help. And I want to stress these reduction were difficult, and painful at times, but they were the right thing to do to get to us a point where we have a sustainable budget. So if you'd like at this budget, I just want to point out that in the personal service line item, our numbers have gone from 22.5 million in the current fiscal year, down to the recommended budget of 19.4, which is about a 3.12 million dollar reduction. Materials and services is down 1.7 million, and I want you to understand that 1.7 million dollar figure reduction, a million dollars of that is as a result of the renegotiated lease and the decision our board made last week to remain in old town-chinatown. We have front loaded savings of a million dollars in the next fiscal year. Which helps us in the long run as we have our glide path down to a sustainable budget. You seat housing transition cost because that will occur this year. There won't be any in the next fiscal year. And it just shows you about a 17% reduction in our overall cost of operations. As you can see in the very bottom, if you compare to it our direct project expenditures, this is our tax increment financing dollars, and federal and other dollars that go Through our budget. You can see our overall percentage of cost of operation to delivery of projects is about 19%. It goes down to about 16% when you compare it with all of the expenditures for the agency. So we're quite pleased with the reductions we've made. There's caveats in terms of what's included and not, but if you want to get into that detail, we can do that. You ought to turn the page or go to the slide four, which is as the chair mentioned this, is a snapshot of our 11 urban renewal areas. It's 142 million dollars worth of expenditures of tax increment financing for the most part and these districts proposed for next year. We broke it into the various categories. You can see business and industry, housing, as you can seat housing numbers for tax increment finance are still very high. But there is a reduction. Infrastructure, you can see the numbers reduced but that's really because a lot of the money is going out for projects like the burnside couch cuplet, the streetcar on the east side, this year, so this is just a cash flow issue. Revitalization, I want to stress those numbers are down, because we're putting money in other categories, mainly business assistance. But this is also reflection of a number of projects continued to be deferred because private financing is not out there to really move some of the key Public-private partnerships forward. And then I just note in the administration item, which is the dollars that were set aside to complete some of our ongoing efforts to look at the creation of a new urban renewal area, where expansions of existing urban renewal areas that i'll touch on in a moment. I think it's important for the city council to understand that we are continuing to work on a north-northeast Portland economic opportunity initiative, which is looking for changes to be made to the interstate urban renewal area. The committee involved in this made decisions last night, recommendations to our board to amend the interstate urban renewal area to move forward into st. Johns, include the martin luther king area, and some of the stems that go off of that to address it -- economic opportunity. And that will come back to you late 2010 or early next year for consideration. You also know we're looking at a new central city urban renewal area on the west side of the willamette river here in downtown Portland. And finally as part of this budget we also have money set aside to actually start the work to look at a new east side urban renewal area where expansions of existing urban renewal areas on the east side. So that's the general overview of the budget. What I thought we ought to do is with that, unless have you questions for me, is jump right into the general fund allocation And the recommendations that we have here, which have been incorporated into the budget you have before you today. So fits all right, mr. Mayor, i'll turn it over to keith to start going through the general fund and the urban renewal area by urban renewal area specific budgets.

Keith Witcosky, Portland Development Commission: I'm not going line by line, I think what's important to look at is that like many of the other bureau and other entities, we've taken a significant

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cut this year in one time for economic development. As you know, and we talk about it a lot, we can't use tax increment for a lot of these efforts, so we rely on the investment from the city in order to move forward. What we're going to be focusing on over the next year is continuing the momentum we have with the main street program. I'm going to move fast on this, but obviously if you have questions just interrupt me. We're going to be continuing to focus on some of the work we've done over the last year which is developing a c fund, taking very small companies and getting them small amounts of money to help them get on that food chain towards eventually angel venture capital, those things. So we're looking at \$20,000 loans to companies that we think and some of the experts were working with think have a chance to succeed that play into our industry clusters. We have the business services website that was created this year, we've gotten about 1500 visits so far since february. And with that, a lot of businesses have never had a one-stop online to go to answer all their question and this is something we've developed under the leadership of the mayor to try and find that way you could get an alignment of many of the service providers of pdc and city bureaus all in one page so people can navigate.

Adams: Do we have a copy of the draft spreadsheet for council to look at?

Witcosky: We can have that later today. I have it. But not here.

Adams: I just want to underscore that kate dean is leading the project within pdc and I long wanted to do this. We are identifying everyone for-profit, nonprofit, academia, government, whose mission includes assistance to business. And learning exactly what they do and to try to weave all these threads together into something that is -- we get the benefit of the sum of the whole. As opposed to right now it is incredibly siloed. Some great programs, but they're overly siloed inform from one another. So it's a -- will be coming back to council in the Portland development commission for how this money helps to pull that all together. The research is underway.

Witcosky: In terms of the cluster industry research and development, and the cluster industry initiatives, just to understand what that is, we have some real strengths here in Portland. Companies who move to Portland because of the lifestyle, as well as the lifestyle they want Their employees to live. There's other niches like the wind power where we're fortunate to have -- one builds wind farms, another builds turbines. What we've found is that these industries while they're successful, how you knit them together and get them to work together and learn about mutual opportunities to grow and to expand is a role that pdc needs to play a significant partner in. And so that's a lot of the work that we've been doing, and just two examples. I'm kind of washing over into the next slide, so I'll move the other slide faster along. Trying to do things like creating a design center that can be used by an active work company, so the next innovation or iteration of gortex is done in Portland and companies want to come here if we want to link up some of the fabricators that in the advanced manufacturing and link them in with wind turbine manufacturers to take some -- one of the old industries in Portland, and link the with a new industry to try and provide them opportunities to expand, a lot of this work goes on in these areas. The -- that's essentially right now I wanted to focus on the one-time dollars and that is the preponderance of the one-time dollars.

Fritz: Before you move to the next slide, I'm looking at the one-time money of \$100,000, and that wasn't the number I remembered in the mayor's reconciled proposal.

Witcosky: In the reconciled proposal, it was \$166,000 for both of those. This is \$140,000 about, and it's because there was an omf factored in a 4% or some very small percent cut that came out of the top line. So this 166, pretend it says that, reflects in the mayor's recall arbitrated budget.

Fritz: My understanding in the mayor's proposed, it was another 200,000.

Witcosky: It was around 366.

Fritz: Is that being cut from ongoing?

Witcosky: No, one-time.

Adams: It helped to make up along with the cuts to housing and everything else, the -- what we learned was shortfalls in the police bureau's --

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Fritz: Right. So what would we not -- what do you do with that money in the cluster? That one-time money, what does it buy?

Adams: From the economic development strategy, we've gone in and basically done cluster development strategies within each, including prioritizing among the almost infinite array of activities, entrepreneurial opportunities, let's say, clean technology, what exactly are we going to focus on and who our partners in the private sector to do that and how can we have, for example, among the clean tech smaller cluster, what are their work force needs. And how can we tailor those work force needs to academic programs at pcc. So we play the role of strategy, market research, and then partnering to make sure that we're getting businesses -- getting industries what they need.

Fritz: Which seemed -- I liked going from the 13 previous target industries to the four clusters, I thought that was brilliant strategy, and I greatly appreciate this approach. With less funding, would you just send the super -- what would you do --

Adams: We're still filling that out. But everyone -- every area, service area of the city had to make a contribution by further cuts and retail -- almost every area.

Saltzman: The cluster went from -- could you run that by me again? It went from what to what?

Witcosky: Over the last few years, we had -- the state identifies target industries --

Saltzman: I just mean from --

Witcosky: You mean the dollar amount?

Saltzman: The budget of a week ago --

Adams: 200,000 less.

Saltzman: For cluster industry --

Adams: And 22,000 less for -- .

Witcosky: The targeted recruitment.

Adams: And those savings were used to fill the police bureau gap and also gaps that allow for the fire bureau and the parks bureau to manage their cuts over three years instead of two years. And restoration of the pal and a few other small -- .

Witcosky: The next slide. This is a quick highlight of the deliverables we see occurring in 2010-11. It serves through -- a number different service providers, Adult and youth.

Fritz: How much is left in economic opportunity initiatives in the ongoing pdc budget?

Witcosky: There is from the 1.4 million in ongoing in the general fund.

Fritz: I'm getting lots of constituent letters telling me their stories of how great that is, i'm glad to see we still have 1.4 million for that.

Adams: It does -- there's two reasons why funding is lower. One, it takes a haircut for now being part of and getting services from pdc, although they're giving it a lower overhead charge than other functions within pdc because of the important work they do and the difficulty and the environment especially for microbusinesses. And then they were also using as I understand, one-time resources that ran out, and so I just want to make sure that this is a \$300,000 haircut to that particular line item. But at one point it could have been as bad as 1 million. So they worked very hard to bring it way down.

Fritz: Was that program previously in housing?

Adams: Correct.

Witcosky: Yeah. It was in bhcd. With the target industry work I just talk briefly about the design center. We also just did a survey of, I think it was 270 software companies, finding out what their needs were in Portland and we'll be developing an action agenda for them. Seed fund, the 200,000 dollar item, again, we could probably help eight to 10 companies get Up off the ground and the other good thing about it, it leverages up to three-to-one in private dollars. The supply chain, in terms of connecting advanced manufacturers to wind turbine.

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Adams: One exciting project that patrick and aaron and kimberly and the whole group are working on is the clean energy works, the supply chain, local supply chain in addition to our community benefits agreement, question also are developing basically a community supply chain strategy, so that as much of the windows and pipes and insulation, and all the things that we're going to be using to retrofit local homes and businesses and industry, that they're coming from as much local manufacturing or at least sourcing as we possibly can. So that's an exciting example of the bureau of planning and sustainability leading the efforts on clean energy works and Portland development commission providing for that helping to ensure that maximum value by local -- buying local.

Witcosky: I'll be referring to where that exists in our budget as we go through the urban renewal areas. The rest of these items are self explanatory. The main street initiative is exciting, where we'll be selecting neighborhoods over the next couple months to get in line basically work with our staff, and other experts to figure out comprehensive ways to maximize the potential of their commercial corridors, which is something -- isn't being done outside of urban renewal areas Right now. The community economic road map is a very important strategy for us. We have a new neighborhood division and that will be the blueprint for their actions to think about how does pdc move beyond the classic downtown real estate agency into type of entity that can make a difference. Preserving some of the character and the heritage of those areas as we built them up. And then I mentioned business services website. With that we're going to move to the urban renewal areas. And I can fly through these things and I can also move from urban renewal area to urban renewal area if you have questions. I know we're limited on time. I'm going to basically speed-read this thing and stop me when you get to one where we have some interest.

Adams: For the council's education, and those listening, talk about how we used the bottom-up approach involving the citizens in each of the urban renewal districts to help fund the request to the Portland development commission.

Witcosky: We'll start with the first one. In every other one we basically --

Adams: Timing was great. Thank you.

Witcosky: That was the old pdc.

Fritz: If I might further interrupt, I didn't have time to look through the big budget book, so it will be helpful to be -- have the time for you going through it. It's super important. I don't think we should rush.

Witcosky: Thank you.

Adams: We have all day.

Fritz: That's our job.

Fish: If we could break for dinner, we have a budget hearing tonight.

Adams: We might have to cancel.

Witcosky: First, the way we've developed this presentation is -- you've got the name of the area and the year that it can't issue any more debt and you've got the amount of money for project investment up top. We talk about what we think can get done over the next 12 months, and what's coming in the future, and the chart on the right side is we have a report that comes out every year, and we basically measure these things. We say, what's the assessed value per admer an urban renewal area. How many leed buildings, how much minority construction and contracts were going out. And so we try to do on the chart on the right is identify where we think we'll be turning the meter in this urban renewal area over the next 12 months. I'll tell you since we all know it's going on at the economy right now, and executive director warner and sherry andrews talked about it a little bit, there's not a lot of private financing going on. So there's not a lot of private projects happening over the next 12 months. And that's reflected in some of the low, medium, high measurements on the right-hand side. With airport way in this district, we've already reached the credit card max. And that's why you see there's a 1.6 million dollars available for project investments. And what we're essentially doing in this district is selling and leasing land that we

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own, along in riverside park where -- near cascade station, to companies that either want to expand or want to build new buildings. In this case, we have an example or -- aaron flynn was speaking the other day and talking about how that's a company that makes really nice boots. And I believe they move from the Oregon city-clackamas area, wanted to be closer to the airport, and we were able to help them find property, build out their facilities and probably be closer to maybe the distribution area and the airport. We've also in our last board meeting on may 12th, pdc board approved the development of the fdi headquarters on another parcel we own. We anticipate over the next year or two probably leveraging \$20 million in private investment in this district through those kind of transactions. And it's a very jobs intensive district, because just by its nature there's a lot of manufacturing companies, there's probably at least one company in every cluster located in this district. And it's just been very successful for us and for the city.

Warner: Our board just did take action to approve the Development agreement with the developer representing fbi to move that project to construction. So that will create a number of construction jobs, and also provide some other employment in that area very soon.

Saltzman: This is in addition to what they have downtown or a replacement?

Andrews: Replacement. I couldn't vote on this one. Given the new federal regulations, they need to be 200 feet from where somebody can park their car. That's pretty tough to do in downtown. So it's been a long time coming.

Adams: It is true they're inside the ikea store? [laughter]

Andrews: I would say probably, yes.

Witcosky: Let's go to the central eastside now. Again, in this district it's been very successful in terms of construction jobs over the last year. Simply because projects such as the streetcar and the east side of the burnside-couch cuplet, and 11-12 are completing those projects. Over 6 million of the 9.5 is dedicated to those public infrastructure projects, which is one of the main things that's kept the economy going over the last 12 to 18 months. We're continuing to help a number of the small businesses, and you're all familiar with places such as the east bank commerce center, the old warehouse that's now olympic mills, you've got a number of 10 ten commandments in small spaces, and we've got close to A million dollars in loans and grants we've been able to provide so those businesses can afford some of the tenant improvement and other things to be able to locate down there. And there's a really nice commercial community developing both among newer industries as well as mixing with some of the older industrial industries in the area. Segue noose the burnside bridgehead, what we see happening over the next 12 months is basically -- basically working with the community on a vision for that area. The convention plaza is a building that we own, we anticipate that will probably continue the trend in the central eastside of being a place fore incubators or small businesses to grow through cheap space, and then we have the vacant land that's near there, bisected by the cuplet that we see as opportunities for new development that can be jump-started by the public sector and then the private sector can follow, and put uses in that are going to generate more property taxes to the area, and it will probably be a phase development rather than a brewery blocks out of nowhere, it will develop in a way and a character that reflects what's going on in central eastside. And then our board will also be taking action next week on putting \$2 million towards the mental health crisis center, slash, the renovation of hooper, which is something that's very important to the council and that you're partnering with the county on as well.

Fish: Would you remind me on this, what generally speaking what are the properties adjacent to the ?reand come over to parks? I know there's some parking --

Witcosky: There's the festival lot, there's the other property -- .

Warner: There's another old metal building right by omsi, between omsi and their garages that is also a piece of property that we wanted to transfer to parks. I'm sure that's one of the pieces also.

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Witcosky: The festival parking lot, it's not limited to. The festival parking lot, the fire dock, the light watercraft dock, and the building that executive director warner is talking about.

Warner: We'd be glad to get a map of those, commissioner.

Witcosky: Moving on to the convention center urban renewal area, similar to our downtown districts a. Couple years ago this one is going to be at the point where it can't issue any more debt in the next couple year, which means you need to look at a close-out plan and be dlib exprat careful about what are the final investments you're going to make and what are they going to seed in terms of redevelopment opportunities and job growth opportunities. In this district with the focus on loans to businesses, there's a little bit over \$600,000 that we'll be investing in businesses. There is the completion of a physical gateway that reflects and respects the heritage of martin luther king in northeast Portland that's been talked about for a number of years, and That's going to begin to be put into place in the next year, starting with the pdot owned property in the vicinity of northeast hancock and mlk. This is the first example of the clean energy works program that the mayor referred to, we'll be putting \$200,000 towards that program. Again, the short story is that it allows homeowners to be able to make their homes much mayor potter energy efficient through a payback on utility bills, and patrick quinn 10 and other people at pdc have done a great job of partnering with other expub private partners in order to get this program federally funded and in place. So it's homeowners that couldn't afford to spend a thousand dollars toins late the ceiling in their house, are going to be able to do so through this program because it can be amortized over such a long period of time in a pretty painless way. In terms of the planning projects, as we talked about private development, cranes popping up out of the ground every month, we're looking at block 47 and 49, which is land that's owned by schlessinger, and we've been working with them for a while. They are going to have a likely extension of a six-month mou with us to continue to study what could happen on that project. You tie it back to a district that's going to be going away, and we want to try and figure out whether office, commercial, another kinds of uses are going to work. So we'll be working with them over the course of the year. And as you know, an issue that's come to you frequently and at least a week or two ago, is the goal is to have a memorandum of understanding in place on the vision for memorial coliseum by the fall. And then that segues into the broader vision for the rose quarter, and so when we come back next year, we'll be talking about larger sums of money going to private development, whether it's the block 47 and 49, or the rose quarter, as well as the other thing that's -- the other tool that's available to us is being able to access basically this zero coupon bond that will allow us to bring more money -- I don't want to complicate this for myself -- bring more money forward into the district to invest in private development and if we were able to do that through a partner that could be another 15-20 million dollars it would be available.

Fritz: I see in the line item for the rose quarter revitalization we've got 60,000 for next year. And then 3 million, the following year, so a total of 6 million. The city could invest to partner with private development there. Is that the plan?

Witcosky: Yeah. And that was -- last year when we came to you there was 5.4 million in the budget, so basically it's just keeping that number intact and guestimating when it would go out. It doesn't reflect any -- we don't know exactly what the redevelopment is going to be and what the public request -- the request of the public sector is going to be. So it's a place holder number right now.

Fritz: That's the ballpark of what we're thinking we could --

Witcosky: Yeah. Right now what we dock in terms of capacity.

Fritz: And thent line item under that is tore sphront -- storefront grants. I noticed that in the previous ura as well. Do we have citywide storefront grants for businesses outside of uras?

Witcosky: We don't this year. We have had about 500,000 dollars the last two years, but with the decrease in the general fund, what we decided to do is try and focus on the main streets and the clusters and the things that we talked about earlier. And then in the hopes of being able to restore

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the citywide storefronts, once the general fund becomes a little more flush next year. That was one of the trade-offs.

Fritz: And that wasn't in your -- budget proposal, you made that as one of your cuts?

Witcosky: Right.

Adams: The general fund request asked for last year's allocation plus an additional equal last year's allocation.

Fritz: Is there any in it?

Adams: Not citywide. The difficult one was there aren't a lot of projects to be done, financed by the private sector. We would love to have the program, but we had to cut somewhere.

Fish: I have a question, if I could. With the limited amount of money available in the district, I guess is it fair to say that it's unlikely that pdc will be able to fund both a block 47-49 project and memorial coliseum?

Witcosky: That's a loaded question. I think the -- it depends what the proposals come back at. If a private party is willing to help us tap into the zero coupon bond, it expands the opportunities to invest. We really don't know right now. Obviously there's some options for the coliseum that would be more costly than others to the public sector. But it depends on how it plays out.

Fritz: We have some money in the spectator fund for that, right? For the memorial coliseum?

Witcosky: I don't know.

Fritz: Just going back to commissioner Fish's questions, where is block 47 and 49 in this context?

Witcosky: In terms of -- physical location?

Fritz: Wherever ura has a block 49 --

Fritz: Geographically?

Fritz: Yes.

Fish: North of the convention center.

*******:** Across the street.

Fish: On the other side of the max. It's on the north side.

Adams: I call it the burger king lot.

Fish: If I could comment, this is the first year in which we've distributed some money within urban renewal districts for housing, and we did a nofa, notice of funds availability, and just issued some awards of dollars. And I -- one of the projects that we put some additional resources into was the madrona, which is I think a spectacular success of what pdc invested in, that the building was open recently, it's a beautiful addition to that area, and we just awarded them some additional section 8 vouchers to help maintain the affordability in the building, give it some stronger financials going forward. So kudos on the work that predated us on the madrona.

Andrews: I would point out, the other big line item here is the hotel blocks, which is out at 2011-12. They're place holders, and this is an example, again, of the citizens in the urban renewal advisories over a period of years prioritizing projects and setting aside money for them. But when you get to this point in a district, you end up having to make some choices about what's real and what you can get into the ground. So they really are more place holders than budget items. Another project, if a good project came along that we wanted to fund, we'd have to make some tough choices, but we would make the right one.

Fritz: How would council -- would council figure into making a choice like that?

Adams: Between reallocation of line items during this process as budget committee for pdc, yes. And depending on the nature of the project and the proposed changes, yes. But not always.

Fritz: If there was a request to change this line item for 11-12, that might come to us, but it might not?

Adams: It wouldn't come to us. Pdc can make the changes on their own without us but if there are any entitlements or anything else, any zoning issues, it would come to us. Those would come to us. Is that accurate?

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Andrews: For example, if the schlessinger project started to move forward, i'm sure in our monthly briefings with you we would tell you what the program looked like, what the costs were, and there's a thorough vetting of the opportunities and what would you have to give up by taking on that opportunity.

Fritz: Presumably for something like a headquarters hotel there would be multijurisdictional discussions --

Warner: Yes. You will not be surprised, commissioner. You'll be involved in the dialogue as we move forward.

Witcosky: Downtown waterfront. This is a district that -- had to quit using its credit card a couple years ago. What we're looking at is essentially the final two years of investment in the district. And over the next year -- what you're seeing is smaller amounts of money. There's a quarter million dollars for assistance to businesses, one thing we're focusing on is trying to put the college -- along with other uses Down on block 8, which is the old globe hotel site down adjacent to light rail and davis and that virnghts Oregon mountain community used to be down there as well. And we have about \$6 million set aside to help with that project. And it's making good progress. We're feeling positive about that. There's some final pieces to the restrooms around saturday market. Three-quarters after million dollars are set aside for that.

Fish: Can I ask you a couple of questions about that Keith? Because the budget lists a million and a half between 2010-2011 and 2011-2012. So why 350?

Witcosky: 350? 750.

Fish: 750. I'm sorry.

Witcosky: I probably said -- I meant 750.

Fish: Bruce, originally there was a design that was -- that contemplated restoring the historic restrooms, backed up against the fire station.

Warner: That's correct.

Fish: Commissioner Leonard has taken the lead on expediting the placement of loos, parks is working with him on terms of locations. Are we at a point where we need to have a conversation about an option to that plan in order to get something on the ground?

Warner: Commissioner, I think we're getting very close to that point. What we've been trying to do is understand the moneys that are left over were -- we're still dealing with construction claims on the actual ankeny park that -- the tom mccall waterfront park improvements. We ran into a lot of unanticipated things. We found the old harbor freeway, And a whole bunch of other things. So we're dealing with some of the aftermath of that, but it's my hope in the next couple months we'll actually understand the resources we need to settle those claims which have then tell us exactly how much money we have left, because this is where we would have to take the construction claims from. And we need to sit look and -- down and look at all of the options, which is scaling back the proposal or looking at combination of a scaled-back proposal --

Fish: We're very eager to move the loo project ahead. I understand in this particular location we do have the challenge of this being an historic district, so there was some work. But commissioner Leonard is working with parks and other bureaus to find locations. We are trying to move this forward. It is particular priority of this council, and this is one where I just keep feeling stymied. I don't know what the moving pieces are, and so I would welcome a chance to sitdown with my colleague and someone in pdc to figure out what are the moving pieces, and how quickly could we get some the money into some restroom facility that. Particular area is hugely underserved, and so -- and it's a two-fer. Whatever restrooms are there are used both by saturday market people and visitors, as well as by people who do not have homes. So i'd like to see if we could move that forward on a faster track.

Warner: Based on these comments, I think that would be excellent thing to do. I would like to see those restrooms also be put in place as soon as possible.

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Fritz: There's been a lot of community input into that and a lot of community expectations regarding the historic district and the design of the ankeny restrooms. So there's many places downtown where we could add loos that are not in historic districts. So I want to recommend that the community needs to be fully involved in those kind of decisions, and a lot of work has been done so far. My understanding was we're moving along and we were about to get to actually installing those restrooms.

Fish: One of the reasons that i'm particularly interested in sitting down and discussing the details, it may very well we don't have the same resources that were once contemplated. If we have to scale back and we don't have the resources to do the same historically sensitive renovation, at some point i'd like to see some money go into a loo placed if not there, under the morrison bridge or somewhere to meet the huge demand, and when we can at some point come back to the historically sensitive --

Fritz: It might be both.

Fish: I think we'll have less money than we contemplated.

Fritz: That goes back to the question of, we've got this 1.5 million in the line item for the ankeny bathrooms, what's Your flexibility to change it and do something different?

Warner: As you can see, this is a very general line item f we have agreement from all parties that we should move forward with plan a or b, or combination of those, we have the resources in the budget authority to do that. But what you're seeing, what i'm hearing here is we need to have a dialogue with you, I think the two major players here, parks and the people who understand how the loos are constructed, would be a great place to start and then we come back to the commission, commissioners one-on-one and talk about where we go and if we need to have a further dialogue and public, we'd be glad to do that too. I agree we need to move forward.

Fritz: I believe it's a three-point dialogue. It's parks, it's water, and it's neighborhood involvement. Because this is very significant to the neighborhood, and they've worked really hard on it, and I want to make sure that is not lost.

Warner: Understood.

Adams: We need to get this project unclogged. [laughter] that's your signal to move on.

Witcosky: Gateway. One of the districts that will benefit from the community economic development road map that I discussed earlier. Right now what we're looking at in gateway, probably \$300,000 or so to help small businesses. One of the projects that actually having dirt flung around right now, is the three-acre urban plaza neighborhood park, right now We're basically -- urban plaza, where we are cleaning up some of the dirty dirt and assembling some community committees to then work with us on how we want to see that urban plaza redeveloped with obviously a number of different kinds of green features as well, and there would be probably an acre of that four acres that could be a mixed use project. So it would be more than just the urban plaza. We are also working with commissioner Saltzman on finishing some touches on the receiving center and helping with the parking lot construction to help clients.

Saltzman: [inaudible]

Witcosky: And then in terms of some of the planning pieces, there is a discussion with gateway that is get something legs under it to look at extending the district eastward towards 122nd, which will intersect not literally, but with the conversation of how do we bring urban renewal to east Portland. So kind of the broader initiative.

Fish: Has there been any thought, keith, to expanding the boundaries south?

Witcosky: Yeah. I would think we would probably want to look at an area that's obviously far too big, right, we're probably going to have 800 acres that we could do, but we probably want to start around the powrl hurst area and head north through gateway, and then work with -- and figure out what that means and then work with the community and think strategically about where it makes the most sense. So powellhurst gilbert cully, speaks gateway. Does that make sense?

Adams: And that is a council discussion.

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Witcosky: Yeah.

Fish: I would think we'd want at least put on the table what are the opportunities if we looked to the south. I'm trying to get my bearings here. 82nd coming towards stark on 82nd.

Witcosky: Right. It's the whole -- it's kind of that 82nd to 122nd, even east of 122nd, stretching basically from lents north through gateway toward areas like cully and trying to step back and look at that whole swath and see what the needs of the community are and see what urban renewal can realistically achieve for them, at least in the short term, and in the long term. It's the areas you're talking about are within the context of what we're thinking about.

Fritz: In the housing lists, we've got apart from multifamily for sale and for multifamily rental, i'm thinking to the lents urban renewal district, which we'll get to, we're getting support for, rents to buy single family homes and also for fixing up single family homes.

Fish: That's now migrated over to the Portland housing bureau. And we packaged a bunch of doe and did a notice of funds availability. We got some very cry 8tive responses in a number of urban renewal districts, particularly Lents and interstate, and we in fact have just made an award to a very innovative project in lents that is a partnership between naya and i'm blanking on the other partner, but it's modular housing. It's an affordable housing complex using new technology that's working around modular housing. And because -- in keeping with the new approach to how we're going to spend these dollars, commissioner, what we chose to do a nofa, which is to just stimulate creative proposals from the community, which we then reviewed and with a committee made up of diverse stakeholders that helped us make some decisions, and we just awarded five or 6 million bucks, and that includes at least one if not two projects that are targeted to affordable housing needs in that community. We are also about to do some -- spend some money at the urging of both the mayor and the north-northeast economic development team for some home repair work in north-northeast.

But our most recent approach was to solicit ideas from the districts and then fund the rest. And we're open to other ideas going forward.

Fritz: My question in gateway is we don't have line items allocated for that kind of single family assistance. Will the housing bureau now be responsible for figuring out what of this total housing -- what the mix is? One of my concerns in gateway is they have lots of affordable housing, they also have some nice single family homes that as the area develops and booms, as we hope it will, we want to make sure shows homeowners can stay in place if it's not right on the main arterials. So you'll be with your advisory committees looking at the mixture of how the fundings are allocated in gateway?

Fish: Yes. Of course the interesting trick as you know is that we generally try to meet citywide goals through our housing policy, because if we didn't, as you can imagine, each urban renewal district might want the money spent on one particular project -- one particular area, or not on another. You can probably guess what scores higher than others. So trying to find that mixture of citywide goals around our housing policy, and customizing needs being responsive to the different mix of housing within the communities and engaging stakeholders is the challenge, and it was a challenge for pdc to get that mix right, it's going to -- we have inherited that challenge, and bruce is happy to turn it over to us. We are one of the things the director van fleet has indicated she wants to do is form separate committees within urban renewal districts of stakeholders who will advise her on the housing decision. And in the past, you had these advisory groups but they were asked to opine on a whole variety of things. We're going to try to have a specialized group that helps us on allocating the housing dollars.

Fritz: I think that's excellent. Thank you. And I think the concern I have ongoing is that in order to support a vibrant business district, we have to have people living in gateway who can afford to patronize the businesses. So, yes, we need to look at the housing mix and the housing needs citywide. We also need to make sure that we preserve some single family housing in the gateway urban renewal district and provide support for people living there.

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Fish: We welcome that conversation.

Fritz: Thank you.

Witcosky: Moving on to interstate, so you'll notice interstate's got almost \$23 million to invest in projects, which contrasts to gateway's 5.2. Just as a -- educational moment, this is interstate's almost 3,000 acres. It's closer to 3400 acres where gateway is 700. So it just shows you scalability, how much money you can generate in a neighborhood district, particularly when there's redevelopment happening. Even without it, the massive acres these two are more money. Again, executive director warner talked about how with interstate it's headed toward the path of expansion into areas like st. Johns, into areas such as mlk, that were formerly Oregon convention center. And different nodes. That's going to be one of the things that's going to be happening early next year. In terms of resources, there's about 2.6 million going to small businesses, and included in that Is some of the innovative programs that have been developed by staff such as the green grants program, which kate dean and others have been working on. Which instead of just working with the business and trying to help them do upgrades, the team really sat down and said how do we help them do energy efficient upgrade and find energy saving improvements, and it's a grant program where you can get up to \$25,000 to make those kind of improvements in your business. So it's really staying on the leading edge of how do our programs lead and guide reinvestment and small-scale redevelopment in these comments. There's also \$400,000 in doa. Of clusters, and helping cluster growth occur in interstate. And another program, kate is get can a lot of credit in this district, and she deserves it, is the livability grant program, community livability grant program that was the brainchild of her team. It's small-scale grants, and it's in the range of 25-50, I think, where basically the community gets to apply for grants and then help figure out what are some small-scale improvements that need to happen within the district, and there's \$400,000 for that program, which I think is on its second or third year, and very successful, and has been expanded now into areas such as lents, because the reception of it was so great. There's 2.5 million in the clean energy works program that I talked about earlier. A lot of the other things going on in gateway are streetscape improvements, about 600,000 dollars for things that are helping traffic calming, and pedestrian safety, and striping and street trees. And all the things that make a nondescript street into the kind of streets that Portland has, which are exciting, with small things like curb cuts, and generate a lot more activity and help the businesses in the area. There's about a half million dollars as well for redevelopment and land purchase in downtown kenton. I think the 22nd saturday is the kenton street fair that pdc is involved in. And you'll see a lot of the things I think in the progress that we've made if you're out and about that day.

Adams: I live in kenton so I need to disclose, that but i'm not involved in making the decisions about where money goes in kenton.

Witcosky: And then lastly there's some work in and around jefferson high school where we're doing street improvements on Killingsworth in front of Jefferson, about 100 this year, around 800,000 next year. There's a lot of really exciting things in Interstate and it's got the resources to take some pretty brave steps for the foreseeable future so its exciting.

Fish: Keith, could you remind me whether where we are in contemplating a park at Lombard and interstate which is something that we heard from the community quite a bit which is the space front of the --

Adams: We're in conversations with --

Witcosky: [inaudible]

Adams: What's that? We're in conversations with the school district and with de la sale on and transportation. And I would say they are bubbling but not boiling. Is that fair?

Witcosky: Yes.

Adams: It is a fantastic plaza, active use plaza opportunity, park plaza opportunity at a key light rail bus transit center.

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Witcosky: Move on to Lents, another neighborhood district obviously. We've got about 1.7 million or 1.37 million in loans and grants to businesses, small businesses. The green grants program is also occurring here as well as the clean energy works program, there's about a million dollars for that. The neighborhood safety improvements and kind of the safe routes piece, there's three and half million dollars this year again to do a lot of things in lents like build sidewalks and connect neighborhoods to the heart of lents. We are also talking at length with the east Portland folks and thinking about how we can improve connections from lents to 122nd, and in terms of private redevelopment, we're working with the turtle island development on 92nd herald site, we're the old softball field used to be with pdc and parks and other people's help, must now move to lents park. And that will be a project, again, during this downtime when private financing is not all over the place, it's working with the community to figure out what we want to see happen and what the program would be for a mixed use project on that site. So, ideally, next year we'll be talking more about the, the construction details of that project, some stationery pieces, as well as opportunities to mitigate the johnson creek floodplain through redevelopment and the freeway land site. So, a lot of exciting things happening in lents, too.

Fish: And bruce, let me thank you for, for funding the \$100,000 for the master planning process for lents park, and, and for helping to move that forward, which looks to be very promising, and our hope is that, is that we can, we can get a beautiful plan and at some point find a way to pay for it.

Witcosky: North macadam, some of the, some of the three key pieces going on right now is, is our ongoing partnership with ohsu on bioscience and biotech, and while that's not one of the clusters, it's clearly benefiting from a partnership with pdc to the tune of about \$700,000 a year.

Adams: If we had a fifth cluster, it would be bio [inaudible] and we have the completion of the pedestrians bridge that links it to north macadam so people can access this district that's growing slowly. And we also have resources for the central greenway design of \$1.5 million, and that's probably one of the single largest investments outside of housing in that district. The last piece is, is, if you look over the shoulder a bit, recently pdc is investing \$1.2 million with perform su to do a wet lab at 2,000 square foot wet lab to help again in a small business cluster, those types of things.

Fritz: But the funding for the pedestrians, for the pedestrian bridge, it will be done this year?

Witcosky: That's the plan.

Adams: We break ground in late summer.

Witcosky: Yes, 365,000, and there is improvements to the south portal design so people can get into the district at more than a crawl.

Fritz: And that's this year too. Great.

Witcosky: River district, a lot of stuff going on in river district. I will do this very fast because I know we're running out of time. Almost \$5 million in business assistance, and some of the key projects that are going on, we're working with commissioner Fish on the development of the fields park. There is a million in place this year, and with the bulk of it coming next year, and to complete the redevelopment. Some of the other projects that are happening, centennial mills, lab holding from los angeles is out here, was out here earlier this week, and with our staff to take a look at the redevelopment vision for centennial mills, and that will be coming to our board for consideration this summer, to decide whether we want to keep going that direction or go a different direction. And the, the union station repairs, we all know that the roof union station is not really much of a roof so there will be investments and improvements to that beginning, actually, in about a month, so that will be great.

*******:** And that's leveraging federal dollars, a grant of \$2 million from the state of Oregon, federal dollars, and then some, a high speed rail money, if you remember, so it's a major renovation work that will be going on in the union station here shortly.

Witcosky: There is \$4 million to \$5 million for the streetcar, again, this connects the existing streetcar line to the loop that goes down through the lloyd district and into the central east side.

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And river district also comes across burnside, so we're making investments, as well, in some of the yamhill, morrison streetscapes to give them a bit more of an identity, and looking at the retail strategy, of, you know, how do you keep the downtown core and the retail thriving and tied to that are what you do with the city on 10th and yamhill garage to get some of though retail spaces off of the life support and headed in a more positive direction. And then, the largest project in out years, which is the post office, and you know, we've been, we expect, or we hope that in about a year from now, there will be a purchase and sale agreement done with the post office, and probably be more like 2012, but we're being optimistic right now. Again, the vision is to not lose those jobs, to some other location, but to maintain them in Portland, ideally, at the airport, and then allow us to, if you look where it says the future, then we can bring the community together and say, what do we want to do with this 13 block, 13-acre site, and in the heart of, you know, heart of the downtown, and make sure that it's redeveloped and the uses are some things that the community really wants and finds important.

Fritz: [inaudible]

Adams: Nope, it's not in the district.

Witcosky: And the park blocks. Main thing about the park blocks is the Oregon sustainability center. There is \$6 million set aside for that project. We expect over the next 12 Months in close collaboration, with the mayor and council, would be getting tenant commitments looking at the design, looking at the permitting, and there is a number of great things about the sustainability center, that, I think, to emphasize back to the strategy, it's really an opportunity to look at that manufacturing supply chain and say, how do we make this, obviously, you know, the greenest of the green in a manner that taps into fabricators and manufacturers that are in Portland so we can showcase technology and not only have the iconic building, but have businesses locally benefit and find new inroads to other development opportunities across the globe through that project.

Warner: And I would just comment this is also, the urban renewal areas was allowed to expire so it has issued the last debt so what you are seeing is the last \$8.7 million of expenditures possible in that district, and since commissioner Fish is near, I just note that, that a lot of those resources go to section 8 housing preservation work in those areas.

Witcosky: The final district is willamette industrial, which has \$675,000 available over the next year. It's almost double of what it was a year or two ago, but, so basically, we're working to help businesses and, and a lot of the work is, also, to team up with the office of healthy working rivers, and find opportunities for remediation, and to get some of the brown fields cleaned up and to try and find opportunities to reverse the trend of disinvestment and make it more, more attractive to advanced manufacturing and to, the next generation industrial companies, and again, a lot of the progress and the ability to proceed in this district can be successful is tied to, to technical terms like records of decisions and federal and state agencies, like epa and deq and allowing private parties to proceed with purchase or redevelopment without being liable for previous contamination. And that's the end.

Adams: Additional council questions? Anyone signed up to testify? Anyone in the room wishes to testify? Then this is simply a hearing.

Saltzman: I guess I need some clarification. So, if we want to make amendments to the general fund portion to pcc's budget we would do that next week?

Adams: Correct.

Saltzman: One of the areas I will be looking to work on in the amendment is to restore the, the cluster strategy, the additional \$200,000. I think that, that, I think we have got a sound strategy, and the clusters are the best hope for our future. And I think that we need to really pay a lot of attention to making sure that these clusters mature and grow jobs and, and help retain jobs. So, I want to find a way to get that \$200,000 back and talk with my colleagues to see if we can do that.

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Fish: And I want to thank joe cody who is here, who has been one foot in the housing bureau, one foot in pdc, humanly helpful to director van and working through the financial system challenges as we get to the point of the merger, the affected date of the merger, so thank you, and bruce, thank you to you and your team, we did the, the, we did this separate exercise of looking at the cuts that were proposed and how they are allocated between, between pdc and the perspective impact on phb.

We have done an assessment of how the housing dollars are to be spent, and I meant what I said earlier, which is that while, while we have affected this, this change we're we have consolidated and put all of the housing functions of the city under one roof, we will not be successful at the Portland housing bureau without an even higher level of collaboration with our partners at pdc. And I would say that based on our experience over the last year of working on these tough transition issues, we are encouraged about the relationship and our ability to work closely together as to sister organizations moving forward, so thanks to everybody at your team who has been working so hard on that project.

Warner: I would put that right back to you, and say same thing for the Portland housing bureau staff and margaret, in particular.

Adams: Also, thanks to your leadership and aaron and patrick and, and keith and everyone else in the Portland Development commission, kimberly, and skip and jasmine in my office, but I also want to especially thank our volunteer chair who spends considerable hours away from his pain work to serve as, as pdc's chair. I have worked with a lot of chairs over the years, and you have a lot of, a lot of peers with them, but I would say you are amongst the best, if not the best. You are doing a fantastic job, as is evidenced last week, week before last, we're you put the local leasing and development community through their paces, and as a result, you saved how much? How much on leasing costs for the agency?

Andrews: Just next fiscal year, almost a million dollars because a lot of the incentives were front loaded, but, if we stayed in this space 10 years and we have a couple of options to terminate, we would save \$6 million over what we are currently paying.

Adams: So thank you. We are recessed. [gavel pounded]

At 3:45 p.m., Council adjourned as the PDC Budget Committee.