



CITY OF
PORLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **25TH DAY OF MAY, 2011** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Adams, Presiding; Commissioners Fish, Fritz, Leonard and Saltzman, 5. Commissioner Saltzman left at 2:00 pm.

The meeting recessed at 11:52 a.m. and reconvened at 12:20 p.m.

The meeting recessed at 2:19 p.m. and reconvened at 2:25 p.m.

The meeting recessed at 3:05 p.m. and reconvened at 3:11 p.m.

The meeting recessed at 3:50 p.m. and reconvened at 3:55 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Roland Iparraguirre, Deputy City Attorney was replaced by Ben Walters, Chief Deputy City Attorney at 12:45 p.m.; Ron Willis, Sergeant at Arms, was replaced by Pat Kelley at 2:00 p.m.

Item No. 519 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

	Disposition:
TIMES CERTAIN	
506 TIME CERTAIN: 9:30 AM – Portland Rose Festival Foundation (Presentation introduced by Commissioner Leonard) 15 minutes requested for items 506 and 507	PLACED ON FILE
*507 Grant revocable permits to the Portland Rose Festival Foundation to perform activities relating to Portland Rose Festival annual celebration from May 7 through June 30, 2011 (Ordinance introduced by Mayor Adams) (Y-5)	184604

- 508 TIME CERTAIN: 9:45 AM** – Approval of the FY 2011-12 Budget for the City of Portland (Mayor convenes Budget Committee) 15 minutes requested

Motion to adopt changes to the proposed budget presented in the OMF

change memo: Moved by Mayor Adams and seconded by Commissioner Fish. Additional amendments were then taken.

Motion to allocate \$372,327 from the general fund's contingency operating reserve, line item to the Bureau of Development Services enforcement program in order to create three full-time housing inspector positions. This would be a one-time allocation: Moved by Commissioner Saltzman and seconded by Commissioner Leonard. (Y-5)

Motion to add budget note to direct the Bureau of Environmental Services, the Bureau of Transportation, and the Office of Management and Finance, to hire an independent consultant to make recommendations on any financial and operational efficiencies to the interagency agreement and the consultant will begin work during this calendar year and report back by the end of the calendar year: Moved by Commissioner Saltzman and seconded by Mayor Adams. (Y-5)

Continued on
next page

(508 Continued)

Motion for additional budget note to direct that Office of Management & Finance working with Portland Fire and Rescue (PF&R) shall hire an independent expert consultant to prepare a report for Council consideration, comparing PF&R staffing and deployment levels to like metropolitan fire and rescue departments. Particularly the report shall address the efficient and innovative methods of recognized service delivery and provide data to assist council in determining whether the new rapid response vehicles purchased with funds from the 2010 fire bond shall be staffed utilizing existing or new personnel. The report shall be prepared and presented to council within six months of the budget adoption in a council work session: Moved by Commissioner Saltzman and seconded by Mayor Adams. (Y-5)

Motion to add to budget note regarding the new public safety training center that Office of Management and Finance, Portland Police Bureau and Portland Parks and Recreation are directed to return to Council in the fall bump with refined project timeline, cost estimates, comprehensive financing strategies and a report on the prospects for public/private partnerships for this project: Moved by Commissioner Fish and seconded by Mayor Adams. (Y-5)

Motion to add budget note that council directs the Portland Water Bureau and Portland Parks and Recreation to conduct an open public process to plan desired uses of the reservoirs, if it's decided to have them taken off line: Moved by Commissioner Fritz and seconded by Commissioner Fish. (Y-5)

PLACED ON FILE

Motion to add budget note to state the city shall through work sessions and a public hearings process in year 2011, this calendar year, we shall evaluate alternatives to timeline, storage options and treatment related to the LT2 compliance and determine if it's possible to pursue variances to treatment, storage and if necessary, an extended timeline for meeting LT2 compliance. Any net monetary savings attributed to changes in the LT2 requirements will be placed in the rate stabilization fund and distributed in the following years for rate reductions for Portland water users: Moved by Commissioner Fritz and seconded by Commissioner Fish. (Y-1; N-4 Fish, Saltzman, Leonard, Adams) Motion failed.

Motion to delete the budget note directing the Office of Management and Finance to move the Portland Community Media contract and appropriation from the Office of Cable Communications and Franchise Management to a Special Appropriation for FY 2012-13: Moved by Commissioner Fritz and seconded by Mayor Adams. (Y-5)

Motion to approve budget adjustments in the OMF change memo and the above approved amendments: Moved by Commissioner Fish and seconded by Commissioner Leonard. (Y-5)

Motion to approve the budget as amended: Moved by Mayor Adams. (Y-5)

Motion to approve the tax levies: Moved by Commissioner Saltzman and seconded by Commissioner Fritz. (Y-5)

May 25, 2011

<p>509 TIME CERTAIN: 10:00 AM – Portland Development Commission Budget Committee Meeting (Mayor to convene Council as Portland Development Commission Budget Committee) 30 minutes requested (Y-5)</p>	<p>PLACED ON FILE</p>
<p style="text-align: center;">CONSENT AGENDA – NO DISCUSSION</p> <p style="text-align: center;">Mayor Sam Adams</p> <p>*510 Authorize Intergovernmental Agreement with Portland Development Commission with respect to the SoloPower, Inc. project (Ordinance) (Y-5)</p>	<p>184605</p>
<p>*511 Authorize a grant agreement with the Police Activities League of Greater Portland to create evening access to youth for recreational basketball during the months of summer vacation in 2011 (Ordinance) (Y-5)</p>	<p>184606</p>
<p style="text-align: center;">Bureau of Planning & Sustainability</p> <p>512 Amend contract with Institute for Conflict Management, Inc. for additional funding and extended facilitation support service for the West Hayden Island Plan and provide for payment (Second Reading Agenda 473; amend Contract No. 30001769) (Y-5)</p>	<p>184607</p>
<p style="text-align: center;">Bureau of Transportation</p> <p>*513 Authorize Intergovernmental Agreement with TriMet for Construction Scope Transfers between SW Moody Ave Improvement Project, SW Harbor Dr/SW River Pkwy Project and Portland-Milwaukie Light Rail Project (Ordinance) (Y-5)</p>	<p>184608</p>
<p>*514 Authorize the Bureau of Transportation to acquire certain temporary and permanent easements necessary for construction of the NE 136th Avenue Phase I LID Project through the exercise of the City's Eminent Domain Authority (Ordinance; C-10036) (Y-5)</p>	<p>184609</p>
<p>*515 Grant revocable permit to North Portland Neighborhood Services Interstate Farmers Market to close N Fremont St between N Interstate Ave and dead end from noon until 8:30 p.m. every Wednesday from June 1, 2011 through September 28, 2011 (Ordinance) (Y-5)</p>	<p>184610</p>
<p>*516 Grant revocable permit to Good Sport Promotion on behalf of Historic Mississippi Business Association to close N Beech St between N Mississippi Ave and N Albina Ave from 11:00 a.m. until 9:30 p.m. on June 12, 2011 (Ordinance) (Y-5)</p>	<p>184611</p>
<p>*517 Grant revocable permit to McMenamins Inc. to close SE 17th Ave between SE Hawthorne Blvd and SE Madison St from 8:00 a.m. on June 18, 2011 until 10:00 a.m. on June 19, 2011 (Ordinance) (Y-5)</p>	<p>184612</p>

May 25, 2011

<p>*518 Grant revocable permit to Deschutes Brewery and Public House to close NW Davis St between NW 10th Ave and NW 11th Ave from 8:00 a.m. until 11:00 p.m. on June 25, 2011 (Ordinance)</p> <p>(Y-5)</p>	<p>184613</p>
<p>519 Grant revocable permit to Terrapin Events to close SW Salmon St between SW Naito Pkwy and SW 2nd Ave and SW 1st Ave between SW Taylor St and SW Main St and SW Taylor St between Naito Parkway and 2nd Ave from 5:00 p.m. on October 22, 2011 until 2:00 p.m. on October 23, 2011 (Ordinance)</p>	<p>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p>520 Extend the date of the privileges for regular disabled person parking permits (Ordinance; amend Code Section 16.20.640)</p>	<p>PASSED TO SECOND READING JUNE 1, 2011 AT 9:30 AM</p>
<p>521 Grant revocable permit to Whole Foods to close NE 43rd Ave between NE Sandy Blvd and NE Tillamook St from 10:00 a.m. until 6:30 p.m. on July 2, 2011 (Second Reading Agenda 479)</p> <p>(Y-5)</p>	<p>184614</p>
<p>Office of Emergency Management</p>	
<p>*522 Amend a grant from the Federal Emergency Management Agency Hazard Mitigation Grant Program in the amount of \$26,667 to conduct a Community Risk Reduction Strategy to complement the 2010 Natural Hazard Mitigation Plan/Risk Reduction Strategy (Ordinance)</p> <p>(Y-5)</p>	<p>184615</p>
<p>Office of Management and Finance</p>	
<p>523 Accept bid of Brattain International Trucks to replace ten 15-cubic yard dump trucks at \$1,643,394 (Procurement Report - Bid No. 112158)</p> <p>(Y-5)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p>*524 Exclude employees in five classifications from the classified service (Ordinance)</p> <p>(Y-5)</p>	<p>184616</p>
<p>Commissioner Nick Fish Position No. 2</p>	
<p>Portland Housing Bureau</p>	
<p>*525 Amend subrecipient contract with Transition Projects, Inc. to add \$120,000 in one-time only funds to support the start-up operations of the Bud Clark Commons (Ordinance; amend Contract No. 32000361)</p> <p>(Y-5)</p>	<p>184617</p>
<p>Portland Parks & Recreation</p>	
<p>526 Authorize an Intergovernmental Agreement with Tri-Met for Wetland Mitigation at Westmoreland Park (Ordinance)</p>	<p>PASSED TO SECOND READING JUNE 1, 2011 AT 9:30 AM</p>

May 25, 2011

**Commissioner Randy Leonard
Position No. 4**

Portland Fire & Rescue

- ***527** Adopt fees associated with Fire regulations (Ordinance; amend Portland Policy Document FIR-12.01)
(Y-5)

184618

REGULAR AGENDA

Mayor Sam Adams

Bureau of Planning & Sustainability

- 528** Revise residential solid waste and recycling collection rates and charges, effective July 1, 2011 (Second Reading Agenda 467; amend Code Chapter 17.102)
(Y-5)

184619

Bureau of Transportation

- 529** Revise transportation fees, rates and charges for FY 2011-2012 and fix an effective date (Second Reading Agenda 493)
(Y-5)

184620

Office of City Attorney

- 530** Authorize an Intergovernmental Agreement with Local Government Personnel Institute for legal advice and consultation (Second Reading Agenda 496)
(Y-5)

184621

Office of Emergency Management

- 531** Authorize the transfer of the Sergeant First Class Jerome Sears Army Reserve Center to the City to implement a west side operations center to ensure an effective emergency response on the west side of the Willamette River (Resolution) 30 minutes requested
(Y-4; N-1 Fritz)

36863

Office of Management and Finance

- 532** Accept bid of SSC Construction, Inc. for the Powell Butte Reservoir No. 2 Phase 2 Project for \$80,238,574 (Procurement Report - Bid No. 112503)
(Y-3; N-1 Fritz; Saltzman absent)
- 533** Authorize additional revenue bonds for urban renewal areas (Second Reading Agenda 498)
(Y-5)

**ACCEPTED
PREPARE
CONTRACT**

184622

- 534** Approve cost of living adjustments to pay rates for Nonrepresented classifications and Elected Officials effective July 1, 2011, specify the effect upon employees in the classifications involved and provide for payment (Second Reading Agenda 499)
(Y-5)

184623

<p>Commissioner Dan Saltzman Position No. 3</p> <p>Bureau of Development Services</p> <p>535 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 (Second Reading Agenda 504)</p> <p>(Y-5)</p>	<p>184624</p>
<p>Bureau of Environmental Services</p> <p>536 Revise sewer and drainage rates and charges in accordance with the FY 2011-2012 Sewer User Rate Study (Second Reading Agenda 465)</p> <p>(Y-4; N-1 Adams)</p>	<p>184625</p>
<p>Commissioner Randy Leonard Position No. 4</p> <p>Bureau of Water</p> <p>537 Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2011 to June 30, 2012 and fix an effective date (Second Reading Agenda 466)</p> <p>(Y-4; N-1 Fritz)</p>	<p>184626</p>
<p>City Auditor LaVonne Griffin-Valade</p> <p>538 Assess property for sidewalk repair by the Bureau of Maintenance (Second Reading Agenda 503; Ordinance; Y1074)</p> <p>(Y-5)</p>	<p>184627</p>
<p><u>WEDNESDAY, 2:00 PM, MAY 25, 2011</u></p> <p>539 TIME CERTAIN: 2:00 PM – Adopt the City of Portland Neighborhood Economic Development Strategy – A Five Year Plan for Promoting Neighborhood Vitality and Business Success (Resolution introduced by Mayor Adams) 30 minutes requested</p> <p>(Y-4; Saltzman absent)</p> <p>540 TIME CERTAIN: 2:30 PM – Diversity Champions Awards (Presentation introduced by Mayor Adams) 15 minutes requested</p>	<p>36864</p> <p>PLACED ON FILE</p>

At 4:17 p.m., Council adjourned.

May 25, 2011

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 25, 2011
Closed Caption File of Portland City Council Meeting

This file was produced through the closed captioning process for the televised City Council broadcast and should not be considered a verbatim transcript.

Key: ***** means unidentified speaker.

MAY 25, 2011 9:30 AM

Adams: Good morning. Today is wednesday, may 25th, 2011. The city council will come to order. It's 9:30, we're in morning session. Hi, Karla.

Moore-Love: Good morning.

Adams: How are you?

Moore-Love: Doing well.

Adams: How is your garden.

Moore-Love: Good. [laughter]

Adams: Can you please call the roll. [roll call]

Adams: Quorum is present and we'll begin with the agenda, beginning with the 9:30 time certain. Please read the title for items number 506, a presentation, and emergency ordinance number 507.

Items 506 and 507.

Adams: Ee-haw. Commissioner Leonard.

Leonard: I'll turn it over to jeff curtis. Come on up.

Jeff Curtis: Good morning, council, i'm jeff curtis, the chief executive officer for the Portland rose foundation. It's a privilege to be with you as we're on the eve the 2011 Portland rose festival, we have a presentation from the 2011 rose festival court and i'd like to introduce to my left, the president. The great volunteer, and with us a long time, sue bunday.

Sue Bunday: Good morning, mayor Adams, commissioner Leonard, commissioner Fish, commissioner Saltzman and commissioner Fish, i'm sue bunday, president of the Portland rose festival and ordinance to come before you today and equally humbled to lead a board. Directors and thousands of volunteers from our local community as we kick off our 104th Portland rose festival. Over of the past 15 years, my role on the board has offered numerous opportunities to lead parades, committees and events and more. But I still hold fondest memories during my ten you are of -- tenure of 14 young women who represent the rose festival, their school, families and our entire community. This year's court has traveled these past few weeks all over the state, sharing with so many others what makes the Portland community so special, with a -- and what the rose festival has to offer. As we truly have something for everyone. These outstanding young women are true ambassadors are for the youth of today and each is unique in their scholastic achievements and personal interests. I'm going to let the court tell you about themselves and this year's festival and I think you will agree that the rose festival makes Portland a better place to live and visit.

Court in unison: Hello, we're the 2011 rose festival court presented by pacific power. We'd like to introduce ourselves and tell you what's happening during this year's rose festival. Taylor.

Taylor Hodge: Hello, my name is taylor, from wilson high school. I'm captain of the varsity soccer team and I plan to attend college and pursue a career as an elementary school teacher. You can be a team player too by coming to help support the Portland rose festival fund raising dinner and auction Roses on Broadway, happening on October 14th at the Hilton Portland and Executive Tower.

Court: Taylor.

Taylor Ballard: Hello, My name is taylor, and I'm from parkrose high school. I've been on the varsity track and field team as well as the dance team for four years. One of the healthiest ways to celebrate the rose festival is by participating in the regions grand floral walk. Join thousands of

May 25, 2011

Portlanders walking down the grand floral parade route, Just before the parade happens the morning of june 11th.

Court: Annie.

Annie Nienow-Birch: Hi, My name is Annie and I'm from st. Mary's academy. I was the president of dance club and I am the captain of the dance company. I want to double major in business and dance and during high school I participated in several mission trips building houses in underdeveloped communities. The rose festival is also building something spectacular this year. With a new name: Waterfront village is becoming City Fair opening May 27th. It features activities such as carnival rides, Special attractions and musical entertainment. You'll be shocked at its transformation.

Court: J'reyesha

J'reyesha Brannon: Hi, i'm j'reyesha, from cleveland high school. I volunteer at the Oregon humane society and the Multnomah county library. Come see Oregon's greatest organization. At the Portland general electric starlight parade on saturday, june 4th or watch it live on kgw, channel 8.

Court: Erica.

Erica Wu: I'm erica, from benson high school. I'm a secretary of the american red cross club and a member of health occupations students of america and I plan to pursue a career as a pediatric nurse.

If you enjoy seeing smiles on children's faces as much as I do, come to the fred meyer junior parade on wednesday, june 8th and watch thousands of kids march, dance or pedal bikes.

Court: Cassie.

Cassandra Hamann: I'm cassie from david douglas high school. A member of the pride team and captain of the volleyball team. I like to tutor children. Pick -- presented by windermere and can be a passport to the beautiful historic landmarks that makes our city the rose city all year long.

Court: Maya.

Maya Allen: I'm maya, from grant high school. I'm a member of the national honor society. Show Portland pride with the 2011 rose festival at the opening day on may 22nd, the Portland waterfront will be lit up with fireworks and come on out and see one of Portland's largest fireworks.

Court: Taylor.

Taylor Gerst: I'm taylor, from glencoe high school. I'm the vice president and member of the key club and dance team captain. If you would like to see us who is going to lead us as the queen of rosaria, please come on saturday, june 11th at 8:30 at memorial coliseum.

Court: Sarah

Sarah Schreiter: I'm sarah from lincoln high school. I've volunteered with the team theater group through the dougy center and plan to pursue a career in the music industry. Be sure to come and visit the rose zone at city fair. It will be the new venue for 2011 featuring national acts.

Court: Heidi

Heidi Henderson: Heidi, and i'm from central catholic high school. A member of the national honor society and have been on the honor roll for four years. I also volunteer at loaves and Fishes, so I bring meals to the elderly. Delivering meals can feel like a race -- if you enjoy watching auto races, join us at the race, auto races, they'll be pursuing their dreams of winning from june 17th to june 19th.

Court: Uma.

Umulker Abdullahi: I'm from madison high school, a member of the student government and serve on the coordinating council. Come celebrate men and women of the country by -- what the historic day is all about.

Court: Lamarra.

Lamarra Haynes: I'm from franklin high school and a member of the national honor society and also a member of the [inaudible] very special grand marshal crew, the Oregon ducks football team. Lead the grand floral parade on june 11th, find your spot along the parade route.

May 25, 2011

Court: Kristin.

Kristin Cubbison: Hello, i'm kristin, from roosevelt high school where I play varsity soccer and I plan to pursue a career as a lawyer. Last year, the Portland rose festival found a home in a beautifully restored historic building in waterfront park and this past saturday, may 21st, we had a public open house.

Court: Nadia.

Nadia Martinez: Hi, i'm nadia from marshall high school, i'm a varsity cheerleader and voted the most inspirational player for my senior year. Check out amtrak cascade character clowns, the rose festival -- mascot. Watch out for his special appearances throughout the rose festival season.

Court: Thank you for hosting the 2011 rose festival court presented by pacific power. We'll see you the rose festival. [applause]

Curtis: That truly represents the very best of our city and the best of our festival. It's a privilege to lead a organization that's capable of running a project that embodies the spirit of our city. And proud to leave lead that group and they're a -- they're wonderful representatives of our community. I want to have kathleen to come up to talk about the ordinance and we will go from there.

Kathleen Butler, Revenue Bureau: Good morning, councilors. Mr. Mayor, that's a pretty tough act to follow. Very inspirational. I just have a few words to say about the work that the revenue bureau does to pull together all of the different events of -- involved in the rose festival each year. It's my privilege to have very slight involvement. A lot of the credit from the revenue bureau goes to alison madison, who is the special events coordinator. It takes a tremendous amount of work from numerous departments and agency every year and as we were discussing this morning the work begins about five minutes after the last festival is over. I think we tend, because the events are so well coordinated and so many dedicated volunteers and city employees and it comes out smoothly every year and we tend to take the work for granted. I want to recognize the tremendous amount of work by the Portland police, the department of transportation, the water department, parks and recreation department, tri-met, Multnomah county, odot, and the councilors' offices and mayor's office in this effort. Jeff curtis and sue -- jeff curtis and sue are incredibly cooperative apt many volunteers of the -- and the many volunteers the rose festival work not for days and hours, but weeks and month all year long to make it a successful event. I couldn't think of any funny jokes about the weather this morning, so i'm going to turn it over to jeff and sue.

Curtis: Thank you. I just want to put a summary to everything you heard this morning. Related to the festival. One of the first things is that never take it for granted that it takes leadership of our city council to authorize the rose festival to even take place. They've been doing this for 104 years, your colleagues before you and colleagues before them have sat in a room and said yes to a ordinance to allow it to happen, to motivate the folks to lead and actually produce the world's leading festival here in Portland. I want to thank you for that leadership. And your leadership over the last three years as we've moved the organization forward through recessions and difficult times and we're on the verge of a renaissance and you'll see it in the spirit of Portland and the festival. There's highlights that I can quickly summarize. Really, the five parades. No city has such five different and unique parades and I say five, because we've add a fifth with the regent's grand floral walk, which is a fitness walk. Let's talk about growth. This year, we add 15 different new events to the rose festival calendar. New events. Increasing our audience and our participation. Talk about the tradition, the queen's coronation and rose cup races and events for decades, all part of this year's festival. The innovation. The reflection of our community and the entertainment there is renaissance of its own and a example of innovation in our event planning and last but not least, sustainable planning. You've challenged us to do. Plan our future and assist us along the way from a financial perspective to make sure this festival is well planned and well executed and financially sound as we produce more festivals in the future and that's something that is always in our thinking because we'll never take that for granted. It's about building future festivals in general and that's what we're excited about. We're moving in that direction, to build our reserves and increase our

May 25, 2011

events to continue a world-class festival. I'm proud that the festival you'll be seeing in the next two days for the next three and a half weeks. Thank you very much, council.

Adams: Well, thank you for making us proud and for your esprit corp of improvements and volunteer hours. Does anyone wish to testify on 507? Emergency ordinance? Karla, please call the vote on 507.

Vote on Item 507.

Fish: Jeff, and sue, thank you for all of your great work. You have no greater champion in this building than commissioner randy Leonard and I was very proud a year or two ago to partner with randy with what resulted in your new home in tom mccall waterfront park and the public should know that recently, the rose festival stepped up and made a contribution to the city to help maintain the park, which you call home base and leveraged private resources and that's an example of the leadership you give to our community and to the young women we're honoring today, this is the first year that -- that this event has felt kind of real for me, because I have a daughter your age. And she's a graduate, about to graduate from high school, like you are. Pursue the next part of her journey. And I can actually remember when anne nienow-birch was about 12 years younger -- anne nienow-birch was 12 years younger and we hope that you find the fulfillment and joy in your live that is you deserve. Thank you for being our ambassadors. Aye.

Saltzman: I want to wish a hearty congratulations to the rose festival and here's to a extended season. This is the second year we've started memorial day weekend? It's a longer season and brings both challenges and opportunities as we all know who live here in Oregon and I want to thank the rose festival court for being such bright outstanding representatives of our city. I had a chance to mix and mingle with many of you at the st. John's parade and impressed with your poise and intentions to succeed in the future and I want to wish you all the luck in the world in achieving your aspirations and representing our city, not only the next three weeks, but the rest of your lives, you'll be ambassadors for the city of Portland. Thank you very much. Aye.

Leonard: It's great that Portlanders get to view the finished product year after year and see it for what they think it is, which is a wonderful celebration, not understanding, as I believe jeff and I understand, the blood, sweat and tears that occurs to bring the festival the way that it is seen by Portlanders today. I would be the first to confess that -- that some of the issues have been challenging to get the rose festival to where it is, in fact, some issues that jeff and I have dealt with have included generating the most emails i've received on one topic. I don't want to mention the topic -- of any topic i've ever debt with. [laughter] and the product we see today is the result of a lot of those efforts and more, on behalf of you and your colleagues at the rose festival foundation which I proudly partner with and look forward to working even harder with to bring more success. Aye.

Fritz: Yesterday evening, the mayor hosted hundreds of people in this chamber to celebrate the future connects scholarship of graduating seniors going on to pcc sylvania and it was great. It's great to have the princesses here to celebrate another part of what makes Portland special and you cherish the honor to represent them and I want to give a shout out to nadia from marshall and yule you're all really great and it's very -- it's very right that we celebrate like this. And that we take the time to recognize our students who've done well and our community when we have done well. What better way to celebrate than a parade where we forget our differences and get together and celebrate. We like it when the sun shines for the grand floral parade and that everybody can participate in the walk. Or roll, whatever device you need to participate in that. And let me tell you, when people sit and wait overnight to get their space in the parade, they're glad when you walk by, even if you don't have a float. It means something is going to happen soon. You'll have a wonderful time during the festival, thank you to sue and jeff and everybody who puts it together. It's part of what makes Portland really special and I really appreciate all of your work. Aye.

Adams: I had an opportunity to have some breakfast with you this morning. We had a great discussion. Clearly, great representation of some of the best of Portland. And really appreciate

May 25, 2011

your volunteer, your service. It's a great tradition. And it's fantastic fun. So I encourage everyone to partake in the realm of rosaria and i'll see you at the starlight parade. Aye. [gavel pounded] so approved. You're welcome to stay --

Saltzman: [inaudible] for a photograph.

Adams: Oh, line up. Line up. Over there? Watch this is great.

Fritz: We need to practice this, mayor.

Adams: Thank you all. Great to meet you, see you.

Adams: All right. Thank you. That gets us to the consent agenda. Does anyone wish to pull any items from the consent agenda. Oh, can you please read the title for 519. Terrapin.

Adams: Unless there are objections this is referred back to the mayor's office. So referred. [gavel pounded] please call the vote on the consent agenda.

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

Adams: Aye consent agenda's approved. [gavel pounded] we have two related time certains. First at 9:45. Can you please read the title for report item 508.

Item 508.

Adams: I'm now convening this meeting of the city of Portland budget committee. I'm opening a hearing to discuss the possible uses of state revenue sharing. This hearing is held by the city council of Portland, Oregon in compliance with the provisions of the state revenue sharing organizations, 221.770. To allow citizens to comment on the possible use of these funds in conjunction with the annual budget process. As proposed for city council adoption, the fiscal year 2011-2012 anticipates receipts \$12,389,324 from the state revenue sharing. It is proposed that this revenue be allocated in equal parts to support fire prevention and police patrol services. Is there anyone here who wishes to be heard on the subject of state revenue sharing? I'm closing the hearing to discuss the possible uses of state revenue sharing. [gavel pounded] all right. Let's see. I will entertain a motion -- i'll entertain motions to amend the proposed budget.

Andrew Scott, Office of Management and Finance: Mayor, a motion to entertain the changes to the proposed budget as presented in the memo.

Fish: Second.

Adams: I move changes to the proposed budget presented in the memo in our briefing books. It's seconded. Once it's moved and seconds -- i'm reading the instructions. Can you describe the changes in summary form?

Scott: I will do that. You received last friday what was filed. This is the change memo to the proposed budget, it lists in attachment b, in table form, all of the changes that have occurred between the mayor's proposed budget and he presented that -- the official printed version in his message last week and proposals -- changes we're putting forward from financial planning. I won't go through all of them. I will note the larger items. I'm on attachment b, the table form in your approved budget packet. One of the changes -- i'll focus on the general fund side. Cable, \$48,750 added for the formal renewal process for the comcast franchise negotiation. This is carryover money from the current fiscal year. Going down the page, omf, we're reducing the general fund contingency, this is part of the \$10 million being carried over, reducing that by \$500,000 to fund the prevention and rapid rehousing in Housing Bureau. And increasing funding in the compensation set aside special appropriations, retirement payout we discussed during the spring bump. Moving down the list, into the housing bureau, there's \$150,000 added for housing study. Part of the carryover funding from current year appropriation and the next line, the 500,000 you see the reduction on the general fund contingency on the prior page and this is the addition of that into the housing bureau budget. And toward the bottom, under parks and recreation, there's \$80,000 for the forest park wildlife study funded with carryover dollars. I'm happy to answer questions. As a technical note, any item that has a zero in the lines across, what that generally represents is a bureau moving money between their operating fund and contingency fund from a total appropriations

May 25, 2011

standpoint, it's a net zero but we note it because it's an important shift between operating and contingency.

Fish: I have a question in terms of procedure. Is it your preference we adopt the changes in attachment b and then take up any amendments and budget notes?

Scott: No, the -- oh, in terms of purely on budget notes?

Fish: Yeah, do you want us to take this motion first and then bring other matters?

Scott: No, the budget note amendments should be done -- here's the process from here. I describe these changes. If there are any desires for amendments, either to what we've put forward or new things to be added, each of those amendments need to be moved and seconded and voted on by the committee. There's then a vote to entertain essentially all of the adjustments, both the ones here and the new amendments added. At which point, there's public testimony and finally, council votes to approve the budget.

Fish: I withdraw my motion. It appears premature.

Adams: No, it's not premature. We're going to make amendments to the motion. What he's trying to say, you were right on. I'll recognize members of council for making amendments to the motion. Which is -- which is to approve the changes, basically discussing anyone who wants to make further changes.

Fritz: A question first.

Adams: Yes.

Fritz: I need a clarification regarding the \$10 million in the carryover and the \$1.4 million in unrestricted contingency. Is there any difference in those two funds. Could the council use the \$10 million at any time over the next fiscal year if we chose?

Scott: Yes, it would take an act to move the money out of the contingency into the appropriated --

Adams: A rainy day fund.

Fritz: I understand that. Why are we taking the \$500,000 out of the \$10 million rather than reducing the current unrestricted contingency?

Adams: We used up the contingency by the end of this year, so the only way to do it is to bring money forward from the rainy day fund.

Fritz: We have \$1.4 million in unrestricted contingency --

Adams: For next year.

Fritz: Right.

Adams: I've propose it this way and my preference is to begin the year with a complete contingency and tap the rainy day fund for some of these items that we heard raised as part of the public hearings and public feedback. You can do it either way. This is the way I would prefer because I want to start next year with a full contingency and the general fund contingency has certain parameters and due diligence to it that I think are important to keep in place as we begin the new fiscal year, but it's a judgment call.

Fritz: Thank you, that's a good clarification.

Adams: So begin -- commissioner Saltzman.

Saltzman: Thank you, mayor. I have an amendment and i'll make the motion and then i'll give an explanation of it.

Adams: Sure.

Saltzman: I move the council allocate \$372,327 from the general fund's contingency operating reserve, line item to the bureau of development services enforcement program in order to create three full-time housing inspector positions. This would be a one-time allocation.

Leonard: Second.

Adams: Don't we want this out of the rainy day fund, though?

Saltzman: The discussions with your office --

Adams: We might have led you astray.

Scott: Can you say again where the funds were coming from?

May 25, 2011

Saltzman: From the general fund contingency operating reserve line item.

Adams: My preference is the rainy day fund.

Scott: I think those things are the same, yeah.

Adams: It's a technical name and then there's the --

Scott: To be clear, commissioner, in answering the questions yesterday, I think you were pulling numbers out of table nine in the proposed budget document. And this gets back to commissioner Fritz's question, the city's general fund contingency is one overall account. We have subaccounts, to firewall the dollars. So the \$10 million is firewalled off as the rainy day fund. \$1.4 million is unrestricted contingency compensation set aside; and that's why the number is larger.

Adams: It's out of the rainy day fund.

Saltzman: Can I give a brief explanation?

Adams: Sure

Saltzman: As we heard at the budget hearing last thursday evening at jefferson high school, we're all aware of the need for better enforcement of our rental housing -- of our rental housing code and enforcement of violations in rental housing. Our record has been woefully inadequate over the past two years due to the funding situation that bds has found itself in. Bds enforcement staff have been working hard to keep their heads above water and make sure the most dangerous threats to people and structures are followed up on. The council and community owe them a big thank you and in my short time overseeing the bureau of development services, i'm incredibly impressed with their efforts but they need help and this modest use of one-time general fund dollars is the perfect way to jumpstart the enforcement program. The three positions I'm proposing will help leverage other efforts in housing equity in our community, and also bring more enforcement penalty funds into the bureau of development services. It's no secret in these days, we find people living closer together, more people living in a unit than perhaps in the past. And it's more important than ever we make sure that the rental housing stock is free from mold, free from vectors, free from decaying structures and other things we've seen -- we've all seen the photos before and these are serious threats to life and safety of rental housing occupants and with these three positions, we'll be in a better position to enforce the public health and safety law and get the job done and protect people's health and safety.

Adams: Karla, please call the vote.

Fritz: I have a question.

Adams: Yes?

Fritz: I certainly support the funding of the housing inspectors, but I was wondering why the number is so high for three positions and I understand it includes buying each of the inspectors a new car. \$28,000 per car. And wondering why that is necessary considering that bds staff is so diminished, why aren't they able to use the fleet cars?

Saltzman: You're correct. These people need to be out and about. I would ask bureau director paul scarlett maybe to come up and provide any response to that point.

Adams: Welcome.

Paul Scarlett, Director Bureau of Development Services: Good morning, mayor and co-councilors. The cost of the vehicles, yes, in the item, it points out \$28,000 for new cars for each inspector. When we reduced our staffing level, we returned vehicles to -- this would be omf fleet services, we no longer have vehicles assigned to previous inspectors and would need new ones similar to vacating the 6th floor of the 1900 building because we didn't need the additional space and we can certainly explore other opportunities for assigning vehicles or getting the inspectors vehicles but given their job function, doing inspections outside, we would need to have them equipped with vehicles.

Fritz: I would need to ask, fleet, don't we have those vehicles still available? Did we sell them?

Scarlett: They need to be sold back to bds at a cost, so we could certainly explore that. We don't have --

May 25, 2011

Fritz: I would respectfully suggest, commissioner Saltzman, we take that \$84,000 out of this appropriation until we've explored the vehicle issue more.

Leonard: When they're turned -- the bureau fleet services quits charging the bureau for the vehicles. When they're reassigned to the bureau of development services and -- than money has to be in the budget. They aren't cars purchased by the city in general that float around from bureau to bureau. They ascribe the cost to the bureau that uses them. Much like the rental bds pays for space at 1900 building when we occupy the space, we pay rent. When we don't occupy the space, we don't. When we hire people to occupy space that previously was unoccupied we don't pay rent on, we have to pay rent again.

Fritz: I understand that. But \$28,000 each is buying a new car.

Leonard: I'm glad to negotiate a better deal on the cars but that's -- that's --

Fritz: That's not the cost of fleet. People don't pay -- staff doesn't pay fleet \$28,000 a year for a car.

Leonard: They -- they may have reassigned the cars or done a number of different things with the vehicles that we turned back to them and these are probably replacing those with new cars.

Scarlett: Right, and additionally, we're exploring biodiesel vehicles, which is something we do with each new vehicle we get for inspectors.

Fritz: And I understand that, but this request is for housing inspectors. It's not a request to buy bds three new cars and I think it should be separate.

Scarlett: It's -- included vehicles to do their job, correct.

Leonard: Probably housing inspectors more than most employees need to be highly mobile, they go to various parts of the city to enforce the housing code at all hours of day and night and weekends, and more than most require an automobile.

Saltzman: I would suggest leaving the funds in there. If we don't need the full amount, we'll return it. We need money to buy vehicles to help the inspectors do their job.

Fritz: I would suggest it should be fleet money rather than buying them a new vehicle each.

Leonard: They buy them through fleet.

Adams: There's a general purpose fleet we get to check out and then there's the fleet that's maintained and assigned to bureaus. There's the general fleet and then there's the bureau-specific fleet. And this -- so the water bureau, the transportation bureau, bds --

Leonard: Police bureau.

Adams: Police bureau. They have their own fleets that are not available for general purpose use. So --

Fritz: When they gave all the vehicles back, when we halved the staff, did that money then go into bds's budget? Did they sell them back to fleet.

Leonard: They quit paying whatever they were paying.

Scott: Generally what would have happened, any replacement funds paid in over the years for the bds vehicles would have been returned to bds at that time.

Fritz: \$28,000 is not rental for a year, it's purchasing a vehicle, right?

Scott: Yeah, I think that's right. But again -- they were most likely bds funds in the replacement fund -- they returned the vehicles and received the funds back. Bds made cost cutting on their interagencies in order to ge through the last couple of years.

Saltzman: I'm interested in getting the best, most economical access to the vehicles but I think we need the vehicles, I suggest we pass the amendment and if we don't need the full \$28,000, we'll return it.

Fish: Mayor, I move the amendment.

Leonard: Second.

Adams: Moved and seconded, i'll call the question. Karla, please call the vote on the amendment as described and summarized by commissioner Saltzman.

Fish: Dan, thank you, for bringing forward this amendment. A little over a year ago, commissioner Leonard and I brought to council the recommendations of the quality housing rental workgroup. It's

May 25, 2011

the intention of this council to fund the recommendations of that body. Which anticipate a much more robust system of rental inspection. Due to the downturn in the economy and for other reasons, we haven't been able to move forward on that. This -- to move forward. This allows us to invest in an enhanced inspection program in the interim. Something that Paul Scarlett believes passionately about and has been advocating as a strong support of Commissioners Saltzman and Leonard and I wish to join Commissioner Saltzman if thanking Community Alliance of Tenants and the other groups and individual who's came out and testified so effectively at our public hearing. Aye.

Saltzman: Well, as I said, it's not tolerable to have people living in substandard rental housing and we're not going to tolerate it to the extent we can make that difference. These additional inspectors and vehicles will allow us, I believe, to make a dramatic difference in the lives of those living in substandard housing. And I want to thank the community alliance of tenants for their organization around this and my colleagues for supporting this amendment. Aye.

Leonard: When I first arrived at council in 2002, I was assigned the bureau of development services. And it was a challenge to get to the place that the bureau finds itself today, which I believe is one of the best development bureaus building permit issuing bureaus not just in the region, or the state, but the country. They've transformed themselves into a very proactive, thoughtful and problem-solution-oriented agency. It was very -- difficult to lose that assignment and have it go to Commissioner Saltzman after all of those years of working, especially with the friendships I'd established with people like Paul Scarlett. And it just -- it's -- I just can't thank Commissioner Saltzman enough for bringing this amendment and for the advocacy he has demonstrated on behalf of these outstanding men and women who do great work, it's difficult and challenging work because they're constantly criticized by the nature of the work they do. It's heartening to know that Commissioner Saltzman has taken at least as strong a leadership role as prior commissioners in making sure this bureau gets what they need to do the job the public expects them to do. I'm grateful to his leadership. And thank you, Paul, for your ongoing good work. Aye.

Fritz: I certainly support money for housing inspectors and the community alliance of tenants has done a wonderful job of helping renters to organize and get their rights. I hope -- I trust Commissioner Saltzman to look into the vehicle issue if there's an extra \$84,000 in this appropriation, I would like any savings that could be made to be put to helping landlords make the improvements, if the landlord is not able to do that themselves. And I would have preferred this to come out of the general fund contingency -- the \$1.4 million, rather than from the rainy day fund. With this and the \$500,000 for housing, it takes the rainy day fund down to more like \$9 million which makes me very worried for next year. But I defer to the mayor's judgment on that. I encourage my colleagues to then save as much as possible out of contingency next year so that we have an ending fund balance in contingency to carryover instead. Aye.

Adams: I support this amendment. Good amendment. Aye. [gavel pounded] Commissioner Saltzman.

Saltzman: I have two budget notes. I'll start with the -- which one is next? The bureau of environmental services, PBOT budget note. I've hand out copies. You should have those in front of you. Last December, the city auditor issued a report on the interagency agreement between the bureau of environmental services and the bureau of transportation to provide sewer service maintenance services. The report suggested that if those services were shifted to the bureau of environmental services, ratepayers could save \$1.7 million in the first year, and \$1 million each year thereafter. I've spoken to the mayor about this several times. This budget note directs the bureau of environmental services, the bureau of transportation, and the office of management and finance, to hire an independent consultant to make recommendations on any financial and operational efficiencies to the interagency agreement and the consultant will begin work during this calendar year and report back by the end of the calendar year.

Adams: Second.

May 25, 2011

Adams: Discussion from council? I need to move this along. Please call the vote on the amendment.

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

Adams: Aye. [gavel pounded] amendment is approved. Commissioner Saltzman.

Saltzman: The last budget note concerns the Portland bureau of fire and rescue and the fire bond, the discussion we had about the fire bond's purchase, of rapid response emergency vehicles and the staffing of those emergency vehicles. So we had that discussion April 6. I did at that time mention that I would be bringing a budget note and read the budget note and I said I planned to introduce it right now. So this is the budget note. Basically says omf working with fire and rescue shall hire an independent expert -- consultant to prepare a report for council's consideration, comparing Portland fire and rescue staffing and deployment levels to like metropolitan fire and rescue departments. Particularly the report shall address the efficient and innovative methods of recognized service delivery and provide data to assist council in determining whether the new rapid response vehicles purchased with funds from the 2010 fire bond shall be staffed utilizing existing or new personnel. The report shall be prepared and presented to council within six months of the budget adoption in a council work session.

Adams: Second. Any discussion? Karla, please call the vote.

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

Adams: Aye. [gavel pounded] commissioner Saltzman -- Fish, sorry.

Fish: Thank you, mayor. I have a friendly amendment to a budget note and then a question. I'll pass out my friendly amendment. Mayor, you have charged the Portland parks & rec and the police bureau to move expeditiously to develop a location and plan for a new public safety training center and the proposed budget has a note that sets aside \$1.785 million for 10 consecutive years to repay a \$15 million bond. The friendly amendment to that note would provide, omf, Portland police bureau and Portland parks and recreation department are directed to return to council in the fall bump with refined project timeline, cost estimates, comprehensive financing strategies and a report on the prospects for public/private partnerships for this project.

Adams: Second. Any discussion? Karla, please call the vote on the amendment.

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

Fritz: I'm assuming in the fall bump, there will be public testimony in order to discuss whether to move forward with the proposed change. Aye.

Adams: Correct. Aye. [gavel pounded] amendment. Commissioner Fish.

Fish: The question I would like to address to Andrew or the mayor, has do with the -- to do with the pbot budget note that's underlined. -- I think it's one of the last additions to the exhibit, that has do with the utility license fee and how it operates. Can we get a clarification what the intent is and whether this represents any change from existing policy.

Fritz: What are you referring to.

Adams: The policy of the council has been up to \$4.2 million --

Scott: \$4.3 million.

Adams: \$4.3 million based on the set point passage of council policy would go to the bureau of transportation. For the purpose of balancing this budget, we have hit the pause button and I'll let Andrew do the technical analysis, but hit the pause button and everything above 2 point --

Leonard: 2.

Adams: 2.2 which is the existing amount going to the bureau of transportation and what's in the forecast for ulf revenues will continue -- will not go to pbot, but instead, the general fund. If the revenues go above the set point amount in the five-year forecast for increases over the next five years, anything above that, then that goes back to pbot until we meet our original policy goal if 4.2. But that's no guarantee.

Fish: That essentially restates our existing policy?

May 25, 2011

Scott: It actually resets it. 2008, council passed an ordinance anything above the march 2008 forecast goes to pbot up to 4.3 million. We were showing some ulf increases over the next few years and so in order to balance the mayor's budget, again, said hold it at \$2.2 million and instead used that as part of the our five-year balancing.

Adams: The Mayor cut his own bureau budget.

Scott: We're resetting -- before it was the march 2008 forecast, now it's the april 2011 forecast and all of the money in the forecast right now, for ulf, except for the \$2.2 million goes back to the general fund, if we get higher than expected increase in ulf, it goes to pbot up to \$4.3 million.

Fish: Thank you.

Fritz: To clarify, this is ongoing utility license fees, not one-time settlements. One-time settlements go back into contingency, right?

Scott: That's right, we back out --

Adams: Any other motions.

Fritz: To clarify, what's the purpose within the bureau of transportation for the \$2.2 million. Is it specified what it's used for?

Adams: It is, and -- the \$2.2 million. And off the top of my head I can't remember. It is, but it basically is our gtr pool. But by law, we have to specify what it goes to.

Scott: Do you want us to just report?

Fritz: I'm concerned, I thought it was for maintenance and provision of basic services like sidewalks and paving and such. It's something we need to keep plugging away at.

Adams: Well, it's the entire budget. I think that's where it goes, but I can't remember off the top of my head. It might also go to street signals as well. But the basic work of the bureau.

Scott: We can ask pbot to tell you where they spent those funds.

Fritz: Ok. Thank you.

Saltzman: Yeah, i'd like to see that too.

Fritz: I know the mayor shares my concern for the basic services like street lighting and sidewalks.

Adams: As everyone knows, my priority has been and supported by council reducing deaths and injuries and so we have a back log we're trying to chip away on urgently, the most dangerous parts of the system. That oftentimes is the sidewalks but a lot of times it's also street -- traffic lights. So having these resources allows us to just move further faster ahead on those. Commissioner Fritz, did you have amendments?

Fritz: We don't need to vote -- I have two for the water bureau. Which I think are -- I don't know if they're clarifications. What the first states that city council directs the Portland water bureau to comply with the federal environment protection agencies to lt2 enhanced treatment rule regarding open reservoirs and to pursue a variance with the Oregon Department of Environmental Quality and the EPA for treating bull run water for cryptosporidium under the LT2 rule -- that's currently in the budget note. I would like to add that council directs the Portland Water Bureau and Portland Parks and Recreation to conduct a open public process to plan desired uses of the reservoirs, if it's decided to have the them taken off line and there's a companion second added budget note. Obviously, we're going to comply with the federal regulations, one of -- complying can include seeking a variance and we heard a lot of testimony proposed at -- multiple settings and I think 170-odd emails urging this, to look at having a time out and a delay. We can't change the rate that we set last week, essentially, because otherwise, we wouldn't be able to change the rate in time for the end of the fiscal year and that would put our credit ratings in jeopardy. I'm proposing a second budget note which states, the city shall through work sessions and a public hearings process in year 2011, this calendar year, we shall evaluate alternatives to timeline, storage options and treatment related to the lt2 compliance and determine if it's possible to pursue variances to treatment, storage and if necessary, an extended timeline for meeting lt2 compliance. Any net monetary savings attributed to changes in the LT2 requirements will be placed in the rate stabilization fund and distributed in the

May 25, 2011

following years for rate reductions for Portland water users. I mentioned this when we had the rate hearing so we're going to look at if it's possible to get at any variances to change our timeline and our plan for compliance.

Leonard: I'm happy to discuss this later when this issue comes up in the agenda. Later. But the -- it would appear I should probably go over some of what I was going to say then now and possibly repeat it. So in 2009, specifically, november 4th, 2009, I wrote a letter to pete silva, the assistant administrator for the environmental protection agency, and I won't read the whole letter, but i'll read a portion of the letter. The whole letter has been distributed to council and is part of the public record. I respectfully request clear written guidance from your office regarding the city of Portland intent to pursue an administrative variance. The open reservoir requirements of lt2. I received a response on december 16th, 2009, this response has been distributed widely. But I will -- for brevity purposes read the relevant response. In mr. silva's letter to my request, as discussed at length in the lt2 preamble, studies by the epa found uncovered finished water reservoirs are subject to contamination from many sources, birds, animal, humans, algae, insects and airborne deposition and the variance found in the safe drinking water act is not available to the city's uncovered finished water reservoirs. The compliance plan and schedule for meeting the lt2 requirements for the city's uncovered finished water reservoirs was submitted march 27th, 2009 and the city should proceed with implementing that compliance plan and schedule. At last week's hearing on this issue, I had the administrator david shaff read a transcript of a phone message left for him by the governor's assistant who is responsible for now, the state's overseeing of this project, who said that no variance would be available for the -- and we have followed that up since in other communications -- for covering the reservoirs unless we ran into a construction issue during the middle the project. The one thing that I have resisted doing in public life and sometimes that's to my benefit and sometimes to my detriment, is not telling people things that I know are not true or are not possible. It's not a comfortable thing to do. It's not a way to enhance one's political standing. But I think it's the responsible thing to do. And I have been working on this issue nearly full-time since assigned the water bureau in 2004. I have -- I could, again, do here, what i've just touched on, read through the voluminous dates and meetings that have occurred, that includes public hearings and includes, for instance, the purb, two meetings here and on public meeting, the review board in which they urged the council with haste to replace the in-town reservoirs with new enclosed storage facilities. I see no reason in creating some atmosphere that continues to provide false hope to people who think that there's some illusory rule out there that gives us the ability to not have the reservoirs covered. If we thought that were true, we would pursue that. I would also note that some of the people that have been contacting us including ken craford, who represents the water users coalition, have hired attorneys that have cited a variety of strategies they think could lead to a variance from having to cover the reservoirs. One -- interestingly, one the cases they cite was argued by a law firm out of boston, foley hoag. Who interestingly ken craford along with floy jones and scott fernandez at my direction helped hire when we challenged the entire lt2 rule in the Washington d.c. Circuit court of appeals. U.s. Circuit court of appeals. A case we were trounced in according to the city attorney's office. They cited a case, mr. Craford's group, argued by foley hoag, where they -- where they successfully challenged the epa on a basis for pursuing a variance. However, on march 20th, 2008, at my direction, eddie campbell, the one of the managers at the water bureau, wrote foley hoag asking specifically what strategies would be available to us to obtain a variance for having the reservoirs not covered. In their letter to us, which is -- i'm happy to provide to anyone who wants a copy, march 2008, without reading the whole letter, i'll read the salient portions of the supreme court established a two-step test for judicial review interpretation of a statute it administers. As epa administers the act. They're referring to the safe drinking water act and specifically, the lt2 provision of the safe drinking water act which we're discussing here now. They say it likely would conclude -- speaking of the united states supreme court -- likely conclude that the epa interpretation is permissible and, therefore, upholdable. That is, that there's no variance available for covering the

May 25, 2011

reservoirs. The state of Oregon has taken the same position with us. I think it's unfair to the public, unfair to the staff, unfair to the various issues that faces the city, to -- to adopt language that would be a budget note that creates yet more forms for people to -- forums for people to think there's some hope that we can receive a variances that not available.

Fish: Mayor Adams.

Adams: Commissioner Fish.

Fish: For purposes of guiding our discussion, would you entertain a motion to second the first budget note so we can dispose of that?

Adams: Yes.

Fish: I would second the first budget note and I have a question i'd like to direct.

Adams: Moved and seconded on the first budget note contained on commissioner Fritz's two-page set of potential amendments dated 5/25.

Fish: If I may question the author on the intent. In the event the reservoirs are taken offline, mount tabor, there's a public process to follow. What is the author's intent on putting that marker down at this point in the budget?

Fritz: The previous budget note talked about covering the reservoirs and we had a public process earlier in the last decade, to discuss potential uses of mount tabor, in particular, should it be -- and the proposal was to cover the reservoirs and I want to make sure there's a public process. If the reservoirs are taken off-line to decide what the public wants the use of those reservoirs to be, rather than it being decided without -- it being decided without a public process.

Fish: You know, this -- this feels to me redundant because, of course, there's a public process if the sense of my colleague is she would like to have that clarified in a budget note, i'm happy to vote yes. But i'll say that in approving this change, I want to be very clear we currently have no process for addressing the reservoirs or the -- investing if they are taken off line. We have no funds set aside in our capital budget or likely to have funds available in the near term, and frankly, if this became a community priority, we'd probably have to come to the community and discuss funds -- funding a future bond measure or some source. I don't want insertion of language that says we'll have a public process, which we would of course have if we get to that point, to mislead people thinking there are funds to actually act on a public process. With that caveat, i'm pleased to support it.

Leonard: In defense of the motion, to add this language, that we do often engage in planning processes that develop a roadmap that we make clear at that time, we may not have the funds available at that point to implement but some future point, that roadmap will guide us and I agree with your concerns but I don't think this kind of request is unprecedented.

Fish: I move the note then.

Adams: Unless there's additional council discussion, i'll ask Karla to call the vote on the amendment -- motion.

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

Adams: Aye. [gavel pounded]

Fritz: I'd like to respond to commissioner Leonard's comments.

Adams: Yes.

Fritz: Things have changed and we have more information since 2009 and 2008 and we heard multiple requests to look again. I don't think it's unreasonable to request a full council discussion of that, which has not happened and it's happened in minor ways through contract approvals or whatever, but hasn't happened in a holistic manner, the mayor met with folks last friday to look at what might be able to be done. This is a lot of money that we're asking the ratepayers to pay and we should be absolutely certain -- and commissioner Leonard, have more consensus if the community, which we don't have. Probably a hundred or more people and groups who signed on to the water users requests, we don't have consensus that we've exhausted all of our options and I think we need to continue to pursue that.

May 25, 2011

Leonard: I need to clarify that. And I will then go through what I was going to say for -- save for later. On September 30th, 2008, the PURB held a work session with the City Council. Here in chambers and theirs was a report that included recommendations for the water bureau to delay maintenance work on the reservoirs pending the outcome of the alternative compliance efforts to LT2 and specifically, the water bureau had a plan that would cost well in excess of \$100 million to seismically upgrade and rebuild the reservoirs because they're 100 years and we cannot use them the way they are, without having them seismically upgraded. March 25th, 2009, there was a report on LT2 compliance at a regular City Council public hearing and the water bureau presented the background with its efforts with complying with the LT2 rule. 14 people testified and all the testimony was directed at open reservoir requirements. Following information was presented to council and to -- and the council approved the report. The bureau had developed a proposal schedule that had brought Portland in compliance with LT2 open reservoir by 2020 and provided the flexibility to minimize rate impacts and balance resources being mindful of the need to balance the bureau's ability to complete a challenging capital improvement program over the next several years as well as reserve some capacity for work not being contemplated that may become a priority. At the same time, EPA communicated that it would not approve that Portland compliance schedule that did not require Portland taking immediate steps to comply with the open reservoir requirements of LT2. The Water Bureau met with the EPA in Seattle on January 14, 2009 and outlined a proposed schedule that did not attempt to fast track compliance to the detriment of the bureau's ability to get work done and an unacceptable rate over a short period of time or that increased rates— unacceptable increase over a short period of time. The proposed schedule met the EPA's requirement that Portland take immediate action to comply with the rule. March 25th, 2009, and the council voted unanimously to accept that report.

Fritz: With respect, we had no choice but to do that, because it was an emergency ordinance and we had to comply by April 1st.

Leonard: Commissioner Fritz, I try not to interrupt you. On April 11th, 2009, at the request of the Mount Tabor Neighborhood Association and the Friends of the Reservoir and a variety of interest group, I held a community meeting at Mount Tabor Neighborhood Association at Glencoe Elementary School. Reportedly 800 people in attendance, the community meeting was facilitated by community organizations that included representatives from my office, it included Scott Fernandez and Floy Jones making their own separate presentation. Representatives from Senator Merkley and Wyden's office were in attendance and several members of the public had the opportunity to ask questions and to testify. On October 15th, 2009, the Public Utility Review Board had a work session with City Council when PURB presented its report at the annual PURB Council meeting and included the following comments and recommendations. I'll not read them all. But the one that's applicable here says with all due haste, replace the in-town reservoirs with new enclosed storage facilities. October 7th, 2009, at the City Council meeting authorized 183228 ordinance, which was a contract for design of Powell Butte Reservoir Two, the item pulled by Commissioner Fritz who according to the meeting minute meets, said, quote, I pulled it because I was impressed with the answers I got from Commissioner Leonard's office and I wanted citizens to understand it's a good thing and get the information out. Many of us received emails about concerns about the reservoirs and storage tanks and I thought it would be helpful to have information for us and the public, unquote. January 12th, 2010, the City Council work session with the Public Utility Review Board Water Subcommittee on open reservoirs and they held a special hearing with us just on the subject wherein they stated as we stated in the LT2 report delivered in June, 2009, we believe the city should replace the in-town on reservoirs and enclosed storage as expeditiously as possible. The cost is not a capricious mandate but rather an expected and sensible cost of maintaining and updating the city's water system. March 10th, the PURB subcommittee held their own public hearings on open reservoirs. Dr. Gary Oxman, Dave Leland and David Shaff made presentations and several members from the public testified. I have more pages I can go through. I will not bore the council with that. But to somehow imply and

May 25, 2011

suggest that I as the commissioner in charge of the water bureau has not engaged the public in not just -- but an open and transparent and if not always a hostile atmosphere, i've done as much as I believe anyone can expect an elected official to do and I take some umbrage at the suggestion that somehow we need a budget note to have a more transparent and open process to discuss what the alternatives are to lt2 is not fair. Take me out of the equation, but certainly, the men and women in the back of the room, the professionals at the Portland water bureau that have dedicated their careers over of the last five years to bring the project to where it is, which includes a 23% savings over what we brought to council in 2009, a savings of over \$25 million if we accept the report later on in council session today. So I think it -- I don't want to cast aspersions -- aspersions on anyone's motives, other than to say we've been there, done that, enough is enough and time to move forward.

Fritz: Thank you for confirming that we have not had a full council public hearing since march 25th of 2009, to discuss this entire issue. Nobody is questioning you are the commissioner in charge, you have certainly done a diligent job of responding to the public and as the commissioner in charge. What i'm asking for and saying, this is a full council discussion. This affects all of the ratepayers and it's not something that should be done without having a public hearing with the opportunity for public to testify to look again at whether in 2011 there are some other options based on what we've heard from other jurisdictions and the diligent work that's been done to see if there's other ways forward that would save ratepayers as money.

Adams: Commissioner Fish.

Fish: For the purposes of discussion, I will second the budget note --

Adams: Moved and seconded.

Fish: I have a question directed at commissioner Leonard. Commissioner Leonard, in the materials i've received, it's my understanding that your recommendation is we continue with a current timeline for lt2 compliance while you pursue vigorously other legal remedies including variances, correct.

Leonard: That's absolutely correct.

Fish: Mayor, i've seconded this for purposes of discussion and I want it signal i'll vote no, however, when you call the question, because I believe that we should not address this question through a budget note. This question could come back to council when we hear number 532, and it's my intention to ask some of the testifiers when they testify to explain whether any portion of this budget note makes sense in that context. But absent public testimony, I don't feel comfortable doing this through a budget note. I intend to vote no but i'll raise these questions with people who testify this afternoon.

Adams: All right. Any other council discussion? Karla, please call the vote on the motion to insert budget note previously referenced.

Fish: I just want to add to what I just said that as I went back through my file in anticipation of today's proceedings, I found a particular document that was quite persuasive to me. I want to read one paragraph from it. Quote, commissioner randy Leonard who oversees the water bureau has promised to keep pressing for exceptional treatment and or special legislation but must he proceed with a \$300 million plan to deactivate the open reservoirs, the plan to build new water storage reservoirs at powell butte and kelly butte. That's the Oregonian editorial of February 2, 2009. I feel it was a persuasive argument then and I and feel it continues to be. My view is that there's a dual track. We have a obligation to stay on track and we'll discuss this afternoon or later today whether there is an -- whether we should consider any delay when we take up item 532. But time satisfied we're aggressively pursuing a dual track and I appreciate commissioner Fritz for bringing through ate budget note, I don't feel comfort doing through a public note something that should be done through a full public hearing. I respectfully vote no.

Saltzman: Well, I respect the budget note. I think it goes a little further than what I see to be necessary at this point. What I see to be necessary at this point is a formal ask of the state about an

May 25, 2011

extended timeline for compliance on the reservoir. The decommissioning or burial. So I think this note is too broad at this point. And I think what i'm missing is the formal ask of the state that needs to be -- needs to be there. This budget note doesn't speak to that, so I vote no.

Leonard: And again, I intended to speak to that point, that commissioner Saltzman just raised. The contract comes up later in the agenda, but it is my full intention to repeat the letter that I sent to pete silva from the epa to the state of Oregon asking similarly in using almost the exact same language to describe for us what processes may be available to obtain a variance for burying the reservoirs, but as commissioner Fish pointed out, we have been pursuing a dual track strategy of compliance, and we do have the requirement -- compliance requirements. But the epa expects us to live up to which begin on june 1st which includes the action council will take on this report that does not preclude frustrate simultaneously, asking the state, which I fully intend to do, to give us any options for seeking a variance to having to comfort reservoirs. No.

Fritz: -- to cover the reservoirs.

Fritz: It's ironic we're voting on this amendment without taking public testimony and i've been asking for two years to have a public hearing on this issue. I'm disappointed that the answer is no. I support the budget note. Aye.

Adams: No. [gavel pounded] the motion fails. Commissioner Fritz.

Fritz: I would like to move to delete the budget note directing the Office of Management and Finance to move the Portland Community Media contract and appropriation from the Office of Cable Communications and Franchise Management to a Special Appropriation for FY 2012-13. The contract will continue to be administered by Cable communications. That's the budget notes in its entirety, as commissioner Fish said, I don't think the budget notes are the place to make major changes in the way the city handles its contract with Portland community media. Last year when there was a suggestion that the money might be in jeopardy, we received dozens of emails from citizens concerned about that contract. I'm concerned that moving it to special appropriation gives the impression it's a one-time funding rather than ongoing. The mount hood regulatory commission should be consulted since they're part of managing Portland community media and I respectfully request we take this budget note out.

Adams: Before I recognize other members of council, why was this budget note put in?

Scott: The intent, we've had confusion over the last few years, because the contract is part of cable's budget, part of their overall appropriation level target and when we have cuts as we've had over the last couple years, cable needs to cut the entire amount of their current appropriation level. The office complained to us because the pcm contract is such a large part of that and don't feel it can or should be cut to the same degree, they've had to absorbed those somewhere else in the budget. So the intent was to assist the office by transferring the pcm appropriation in special appropriations. Special appropriations are on going, this would be one of them. And in that way, council could make a separate decision. We at the budget office don't have the authority to the office to say you cut this part and not the other. So the intent was actually I think to assist the office.

Fritz: I -- that would have to be addressed through the contract. The reason cable couldn't cut the funding because it's addressed in the contract.

Scott: That's right. So cable has to make up the cuts elsewhere.

Fritz: If that's the intent, what needs to happen is the change in the contract with Portland community media to reflect they have to take the cuts everybody else does.

Scott: What I'm actually saying is that contract is up to council what they approve. If it's outside of cable's budget and the contract says they can only cut nothing, like a zero percent, flat line it, we would be able to treat it as an individual issue in the budget. Right now, if cable can't cut that contract, they cut elsewhere to make up for that difference. So -- which we've heard repeatedly they don't find that fair.

Fritz: Doesn't it make it one time, rather than ongoing.

May 25, 2011

Scott: No, a lot of our memberships and dues are ongoing. Racc has ongoing appropriations and special --

Fritz: I don't think this should be done as a budget note. I think it needs community vetting.

Saltzman: How does it become an ongoing special appropriation?

Scott: Well, there's ongoing funding in the budget for it. We would be taking that piece of funding out of cable's office and moving it to a different place.

Adams: The category of special appropriation allows the bureau of financial planning to treat those items differently. And it was part of the way back -- way back machine, special appropriation as a category in the budget was one of many reasons to be able to have flexibility so that pass-through contracts were not treated to overall cut requests that they might if they're embedded in a line item. And although there's no question that it -- they might feel like a big change because of other items on the special appropriation list, this will save the office of cable communications and franchise management money and I apologize if we didn't adequately communicate. We thought --

Scott: Yeah, I thought cable office was in support of this budget.

Fritz: I'd like to hear from them and the mount hood regulatory --

Scott: We added the last sentence. The contract continues to be managed by the office of cable franchise management.

Fritz: Do we have to do it now or at any time during the year.

Adams: No, we have to do it.

Scott: The budget notes need to be in the adopted. You can move the appropriations, during any bump.

Adams: Just so that people don't -- with our best of intentions, people don't have the opposite reaction. And sounds like our communication could be a little tighter and clearer. I'm fine with this amendment taking it out, as long as the legislative record shows, I think you'll find support for it, once people understand what it really is. I second the motion. And with the legislative intent of bringing it back, either at the adopted or making the change [inaudible] moved and seconded, unless there's additional council discussion. Karla, please call the vote on the motion to take it out for now with the legislative intent of bringing it back.

Saltzman: If we hear between now and the adopted, keep it this way.

Adams: We'll put it in. Yeah.

Saltzman: Aye. **Leonard:** Aye.

Fritz: Thank you, mayor. Aye.

Adams: This illustrates that the mind-numbing complexity of putting together a municipal budget. We get most things right, but this is an example where we need to do more communication. Aye.

Fritz: I withdraw the bottom one on this page, because commissioner Fish's amendment took care of it regarding the police training facility. The final one is minor, but important to me, amendment to -- in the budget note establishing a taskforce to review the Portland water bureau and environmental services capital improvement budget to add one public member to the other designated members.

Adams: I given it's three words, a -- and I number, a friendly amendment.

Fritz: Thank you.

Adams: Unless objections, it will be accepted as a friendly amendment. Commissioner Leonard, any amendments? All right. Back to what my job is here.

Scott: So at this point, if there are no more amendments, we would need to entertain a motion and vote to approve the adjustments in the memo, the amendments you approved for consideration.

Fish: So moved.

Adams: Been moved.

Saltzman: Second.

Adams: Moved and seconded that the changes made to the omf change memo from the proposed budget be approved. After that, we'll now take public testimony.

May 25, 2011

Scott: Actually, need to vote on this. It's a vote to consider everything we've just discussed.

Adams: Part of the basis of public testimony. Thank you. Karla, please call the vote.

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

Adams: Aye. [gavel pounded] now we'll take public testimony. How many people signed up?

Moore-Love: Three people. Floy jones, kent crayford and regna merritt.

Adams: Welcome back to city council. Glad you're here. Are rules require you to disclose if you're a lobbyist or authorized to speak on behalf of an organization. You'll have three minutes, we don't want your address or phone number.

Floy Jones: Floy jones with friends of the reservoirs. I wanted to make clear that the state assumed primacy for the epa lt2 rule, for the whole rule. Not just source water. Reservoirs and source water. The situation is different than it was in 2009, '08, '07, all the way back. November, 2010, senator merkley invited representatives from the community to meet with him on the open reservoir issue and made clear the only reason he wasn't able to help, because the city was taking no steps to address the reservoir issue.

Adams: Who was that again?

Jones: Senator merkley. We met with him personally in his office.

Adams: When?

Jones: November, 2010, last november. So the legal opinion you received from the Portland water users coalition reaffirms the opinion that city council, the water bureau, received from new york city. March 2009 opinion. Yes, the epa used their discretion to say that a variance wasn't available, but as we've made clear, as was made clear in the meeting with you, mayor, last thursday, now in the jurisdiction of the state. The water bureau would not work against the community, I have no doubt we would secure a reservoir variance. We're three-quarters of the way there. The material prepared in support of the source water variance, which would save less than \$100 million by the time we're done, would be used in support of the reservoir variance. The a-worth sampling which used a improved methodology. 3021, where we collect nearly as many leaders as on the source water. The other fact, that's done. We need to do supplementary crypto sampling and giardia. So there's never a public process following the 2004 reservoir panel as that ordinance stated. There should be before we proceeded. The water bureau brought the fast track plan to council as commissioner Fritz stated without any public involvement. There was no opportunity for this council or the community to address that plan. There's a whole new opportunity today to address that. There's never been a dual track. The editorial board of the "oregonian" has never studied the reservoirs. Yes, there were some members of last year's purb who looked at that issue. Last week, in chamber was packed. The balcony, the base floor was packed and all stood when asked are you here to support the reservoirs. Everyone in the chamber, sans the water bureau, stood to say they supported that. Many options never seriously pursued. Last thursday, mayor, you heard of a dirty trick pulled with the state drinking water program. It's not the deq, by the way, I hope the note information here is incorrect. It's the state drinking water program.

Adams: What dirty trick?

Jones: With regard to, we have a law that supersedes regulations but we heard about a regulation, a 2010 regulation through the state, addressing the drinking water, and when I asked the water bureau director, are you involved in this? And his response was no. And Terry Thatcher, the city attorney, the water bureau attorney, who by the way worked in trying to keep secret the consultant contract to negotiate this rule, he initially tried to play it off as if it were a 2007 rule. He was caught in that lie and he said, oh yes, no, that's true, the state drinking water called me and I informed the water bureau of this change in regulation.

Fish: We're about to vote on the mayor's proposed budget. Later today we're going to take up 532, a bid for the powell butte reservoir number two and 537, take up proposed rates and charges for water and sewer -- what action are you asking us to take with respect to the Mayor's proposed budget?

May 25, 2011

Jones: Well you shouldn't support –

Fish: That's the matter before us right now. You're testifying to the mayor's proposed. What specific action are you asking us to take?

Jones: You shouldn't have money in there for Kelly butte, for Mt. tabor disconnect, for Washington park disconnect, there should be no dollars in there for that. If we had had opportunity to speak before these amendments were passed we would ask you to support the changes. We looked online today and we see the water bureau budget note. We would have asked you, and then we had to request this information for the changes. We would have asked you to support Amanda Fritz's budget note changes.

Adams: Thank you.

Fish: Thank you.

Adams: Hi, welcome back.

Regna Merritt: Hi, I'm Regna Merritt, I'm here on behalf of Oregon Physicians for social responsibility. I agree that the Portland water bureaus first budget amendment is poorly crafted that refers to DEQ. DEQ has nothing to do with the variances for open reservoirs, or for bull run treatments. We strongly support commissioner Fritz's amendment. It seems as if the water bureau wants to put their hands over their ears and pretend nothing has happened since 2009. We have a new reality here. The state has primacy. We've done new testing. There are legal options now. To pretend that's not the case is living in a world of illusion. The community letter that you received, the spirit and intent of that community letter which is signed by over 26 neighborhood associations and a huge coalition is reflected in her request for a public process that is -- that looks at alternatives and storage treatment options. It should have been done before this budget is passed. Because this whole thing has been torturous and there's been though work session on this, she's trying to get a work session and have everyone sign onto it for next year. If you refuse to endorse that, really, if you would not respect the community, you need to vote against powell butte 2 or delay and you need to vote against the water bureau's budget.

Adams: Thank you very much for your testimony.

Fritz: Excuse me. Given that my previous budget note failed -- and that's what we're talking about right now is the budget note, because we will be voting on the water rates later, do you have any suggestions for an alternative budget note?

Merritt: For one I would strike in the first budget note any reference to the open reservoirs and strike reference to deq and insert the Oregon drinking water program.

Fritz: Thank you.

Kent Craford: My name is kent craford representing the 17 member companies of the water users coalition commission. I'm here to testify in support posthumously of commissioner Fritz's budget note on lt-2. We think this is a reasonable proposal to initiate a new work session or hearing. Everything's changed. This is a whole new ballgame with the state having been delegated primacy for this rule. Further, we now have scientific data concluded in december of 2010. We did not have that data in 2009. We also did not have state primacy then. We can discuss this further on the upcoming agenda items, and I don't -- would not belabor it now, but I did want to expression our strong support for what commissioner Fritz is attempting to do. Finally, I would like to offer alternative budget note language for you to consider very simply because, as commissioner Saltzman said, the previous note by commissioner Fritz might be considered too broad. I can understand that. It was fairly all inclusive. I'd like to offer you a very simple, short piece of language, and that is to simply direct the Portland water bureau to pursue the state variance to replacing its open drinking water reservoirs alongside a variance from water treatment. So we know you're pursuing a variance for water treatment. We'd like you to pursue a variance for the mandate to replace or cover our open drinking water reservoirs as well. That would be number 1. Number 2, the alternative budget note language i'd like to offer is to notify the state of Oregon of the delay to our lt-2 compliance timeline. And I offer those two knowing -- and I want to thank the

May 25, 2011

mayor for convening the session with our attorneys last thursday and the city attorneys. I thought it was a very productive discussion. Commissioner Leonard, i'm sorry you couldn't attend but glad to see your staff and the water bureau staff there. I think we got a lot of issues out on the table. I think we know what our legal options are. We have a lot of options now. We simply need to pursue those options. Again, it's a whole new ballgame. The circumstances have changed. Let's take advantage of those opportunities. I encourage you to consider and approve those two budget notes.

Fish: I have a couple questions. Mr. Crayford, I appreciate the spirit you offered those. Are they consistent with what I refer to as a dual track approach?

Craford: They would be. And I think the dual track approach I understand where you're coming from with that. Unfortunately right now --

Fish: I wasn't trying to be provocative.

Craford: Oh, no. Unfortunately we are pursuing a dual track approach right now but only for treatment, not for reservoirs, and that's why the budget note language I just suggested says we need to pursue a variance for reservoirs in addition to treatment.

Fish: If I could -- and I know other colleagues want to be recognized -- the second topic that you raised about a delay, respectfully, it would be more helpful to me, just as one commissioner, for that to be raised by you when we take up 532, because that seems to be linked to that issue, and then there's a context, and then we can get lots of public testimony. I'm concerned here about bootstrapping too much into adopting a proposed budget when there's going to be a full hearing on this issue to follow. That's number 1. Number 2 is your first issue that you raised about pursuing a variance, do you believe that is somehow inconsistent with what the water bureau is currently doing?

Craford: Yes.

Fish: Explain that for me.

Craford: The water bureau is currently preparing an application for a variance from the lt-2 obligation to treat our source water, and we support that strongly. However, no application is prepared for a variance from the obligation to bury, cover or replace our open drinking water reservoirs, and that is because, as commissioner Leonard mentioned earlier, the water bureau has been under the impression that the epa would not allow such a variance for drinking water reservoirs -- open drinking water reservoirs -- as it indicated to us in 2009. Whole new ballgame. It's now the state's decision in 2011. The state does have the ability to consider a variance for open reservoirs, so we believe we should be preparing an application for such a variance. That is not the city's policy or the water bureau's policy today. On june 6th, they plan to bring to you a variance application for treatment but not for reservoirs. We'd like to see both. We know it won't happen by june 6th, but they should be preparing one right now for immediate submission.

Leonard: On your second suggestion for a footnote, informing the state that we are not going to comply with the schedule that we agreed to is not part of the two-track approach. And notwithstanding how some up here have characterized the march 25th, 2009 hearing or those of you who are testifying about the march 25th 2009 hearing, there was a public hearing. Those you sitting here testified at that public hearing. And that was a public hearing around the compliance schedule the council voted to adopt. Anybody on the Council could have suggested a delay, other hearings. That wasn't done. It was adopted. So we can't -- we can't sign an agreement with the federal government that's now enforced by the state and then write them a letter and say we're changing our mind. On june 1st, we will be out of compliance if we don't take the step that we're taking today to award the contract. That's the first point. On the second point, to suggest that we are not pursuing a variance is misleading, and I think you know that, kent. But for circumstances that caused me not to be at a meeting two weeks ago, I had a meeting set up with the governor, with the governor's assistant in charge of this task. I could not attend, but the water bureau did in my stead with people that I trust very much, and we're told at that meeting no variance was available

May 25, 2011

even under the state rules for covering the reservoirs. But I understand why that's not good enough, which is why I said in the previous discussion about commissioner Fritz's amendment, footnote -- excuse me -- budget note, that it's my intention to take the ready that I read earlier that I sent to pete silva at the epa, have it redrafted so that it's relevant to the state of Oregon, which includes us looking at the rules, and I said that with you here present, and request a variance for covering the reservoirs. So that is the policy of the water bureau. And if somehow, in doing their research, they give us an answer different than the governor's office did, we will pursue whatever it is they supply to us as the variance for covering the reservoirs. At that same time, as I made clear to you and others since we lost the court case in Washington, d.c., we have a compliance schedule that we have to live up to and, if we don't, we subject the city and its rate payers to millions of dollars in fines and ultimately possibly the federal government taking over the project for us, costing us millions more dollars than we have to spend.

Adams: As the chair of this august body, i'm going to, with the exception of commissioner Saltzman having an additional point of inquiry -- we're going to go to the good, germane topic for what's in front of us, but we will have an opportunity for a full discussion with the next council item. After commissioner Saltzman's inquiry or comment, after i'm going to chair pretty spritely here, because we've got a long agenda today. Commissioner Saltzman, quickly your quick answers.

Commissioner Fritz, quickly your quick answers, and we'll bring ourselves all back to this topic again at a later council item.

Saltzman: I think the questions have been answered. Commissioner Leonard, your intention to submit that variance request includes the possibility of extended compliance timeline for the reservoir work?

Leonard: It does not. And that's a separate issue. I'm glad to answer in-depth now or we can wait later. It's up to you.

Saltzman: It can wait. But I did have --

Leonard: I need to make sure that you understand -- I need to make sure that I understand precisely the wording of your question. We have been told by the epa in writing and now the state orally what the processes are for applying for a variance for the treatment portion of the rule. So, in other words, there isn't -- you don't call them up and say I want federal form 1080-z sent to fill out to get a variance from lt-2. We have to ask them what processes are available for us to get a variance. When we're dealing strictly with the feds, they said, for the two portions of the rule, the treatment portion, here is the process that we say you need to go through, and that was an exhaustive -- i'm glossing over well over a year's worth of meetings, letters, us going to seattle and meeting with them, them coming here. When we finally got out of them, here is the criteria you, Portland water bureau, have to meet for us to even consider a variance. And even if you meet the criteria, we reserve the right to refuse a variance. On covering the reservoir side, that's when I referred to the letter from the boston law firm that we hired, from the epa, both the boston law firm that we hired and these three folks here helped, said there is no process available for covering the reservoirs, a variance process. And if you sue them and it goes to the supreme court, they will probably uphold the epa. The question now is does that still apply to the state of Oregon? I don't know. I'm going to send a letter not asking to apply for a variance but asking them to tell us what criteria exists for us to follow to apply for a grant, because they have to tell us what that is.

Adams: Unless you have more --

Saltzman: Two budget notes. They're both water budget notes.

Adams: I'll go ahead and keep with you.

Saltzman: The budget note that talks about the water bureau moving to a monthly billing system and says that change will result in additional cost to Portland rates, i'm a little concerned, because we heard at one time that would cost \$45 million.

Leonard: No.

Saltzman: So that's not even on the table.

May 25, 2011

Leonard: That is not on the table.

Saltzman: You're talking about taking the bill and dividing it by three.

Leonard: A variation of that. It is my stated direction to the water bureau staff to do it on as close of a cost-neutral basis as possible.

Adams: And you'll come back to council with the report.

Leonard: Yes. Absolutely.

Saltzman: It says, if it will result in additional cost. Then we're not talking about 45 million.

Adams: It will come back to council before they flip the switch.

Saltzman: I think the note should clarify it is not the Oregon department of environmental quality. It is in fact the Oregon health department.

Adams: We'll accept that was a friendly amendment unless there's council objection, which I do not hear, therefore it's accepted as a friendly amendment. Commissioner Fritz?

Fritz: It's about the permit or the drinking water program? That was my first suggestion. The second, i'm very glad to hear commissioner Leonard say that what he's doing is we will pursue a variance. It seems it would be helpful to have a council vote to support the water bureau.

Leonard: I'm sorry to interrupt.

Adams: In all fairness --

Leonard: I didn't say we were pursuing a variance.

Adams: You'll have a chance to clarify.

Fritz: That's what I thought I heard, so I think it would be helpful to have a council vote on that, we could have a budget note to support the Portland water bureau in pursuing a variance for the state to obtain a variance on the open drinking water rule as well as pursuing a variance with the source treatment, as kent suggested or we could have a resolution before council at a subsequent date to discuss that report.

Adams: Commissioner Leonard.

Leonard: I have learned on this subject that, at the risk of being redundant and repeatedly saying the same thing, what I said was that we had been told up to this point that no variance process is available. So we can't apply for a variance if the state is not recognizing one is available. What I am going to do, which is exactly what I did on the variance process for the treatment, which they agreed to engage us on, and the variance process with the feds on covering the reservoirs, is to ask them to tell us what criteria, if any, exists for us to apply for a variance to covering the reservoir. That we were doing before we had this discussion. We were in the process of developing that. That we intend to do. And if they come back in and say there is a process, whether it's difficult or not, we intend to bring that to the council, that process.

Adams: So we are going to continue this conversation later. Did you have any final thoughts, commissioner Fritz?

Fritz: It sounds like that my proposed language for the budget note was in pursuing a variance rather than applying for, but it sounds like you'd rather not have that as a budget note.

Adams: We'll continue this conversation later in the afternoon. Thank you for your testimony. We have five more people signed up to testify.

Joe Meyer: Good morning. I'm joe meyer. I love living in Portland because I can walk down to KBOO and they'll teach me how to write the news and do interviews and even make radio shows and they'll allow me to call it democracy here. In preparing my shows, I conducted dozens of interviews, and I think my favorite was from dr. Gary oxman who suggested what we need to do as a community is to come together in open and honest debate, and that's what i'm advocating for today.

Adams: I need you to focus on the budget.

Meyer: I want to support amanda Fritz's item about somehow making the process more open. She called it something. I don't know what. And I want to just say there's a lot of partial information going on. I think amanda Fritz asked the administrator of the water bureau about what happens if

May 25, 2011

we don't comply, and he's ready with \$64 million a year possible fine. I think it's relevant that the largest fine in epa's history for water violations is \$20 million after massey energy committed 4500 violations at mountain top removal sites over 70 years, the largest fine in epa history I could find for municipal water violations is in iowa, \$200,000. That's my testimony. Thank you very much.

Adams: Sir, I really need you to, I've got a lot of people behind you. Work with me people. Go ahead.

Rose Marie opp: My name is rose marie opp. We just had a national financial meltdown. Now, if ever there was a time to be prudent, it's now on this budget. I have other matters i'd like to speak to about the lt-2 rules. Should I do that part later?

Adams: Please.

Opp: O.K. I do believe this billion dollars for a public health problem doesn't exist. It really is insanity, whoever cares about this. Our water bureau is already in debt, hugely in debt. I wish I had the document in front of me, but i'm hearing figures of 400 million. We must not add more debt today before even seriously asking for this legislative exemption, which would be a waiver from this rule. And just stop the unnecessary projects right now. 80 million for the powell butte, kelly butte, et cetera, and I have some lt-2 rule matters i'd like to discuss later.

Adams: Thank you and we'll see you again. Hi.

Mary Saunders: I'm mary saunders, and i've testified before. I grew up in the d.c. Area and have a lot of experience of how things happen there from watching newspapers there for a good part of my life. D.c. Is really good at deniability. When I think about why they may have passed off the science issue to the state, what occurs to me about new york --

Adams: Mary, I really need you to stick to the budget. There will be time to talk about those lt-2 issues. I've got a lot of issues and lot of people waiting to testify before that comes up, so can you stick to the budget, please?

Saunders: Yeah. So will the fines on Portland happen that would impact the budget? Now, Portland doesn't have any experience with debt, but new york does. That also affects the budget. So why would really sophisticated people in new york get an extension for them? They don't want to go through debt again that they went through before, and I don't want to see that for Portland, so that's part of why i'm here. Another issue is actually a value issue. If you, with these contracts, erase evidence of first people on kelly butte or powell butte --

Adams: Ma'am, I need you to stick to the budget, and you'll have time to talk about the budget later, but i'm sorry. I've got a lot of people that want to testify. I need you to stick to the budget.

Saunders: So history is a big deal with people come here to Portland to visit. And when they come here, they spend money. And that means -- I mean, if you erase that evidence forever, you wipe out that pull for people to see that evidence of first people, and so in terms of it being just a line item, more of a visualize the value issue than -- you know -- a line item kind of thing, spending that money and destroying value is, to me, a really major issue for the budget long-term rather than just looking to the next quarter.

Adams: Thank you all very much. Appreciate it. Please call the vote and the budget note.

Fish: At this our vote now or is there another vote we'll do after this?

Andrew Scott: This is the vote on the approved budget.

Fish: So this is a very complicated budget that we've been working on for a long time. Very much appreciate the concern that people have raised about water as a component, but this budget covers every aspect of the work we do as a city. So for purposes of this action, i'm going to talk more generally about the budget. We do have an opportunity later to address some of the concerns that have been raised around water more specifically. Under our form of government, our mayor has limited powers. One of his most important jobs, however, is to lead the budget process -- is to lead the budget process. This is the third budget i've participated on as a member of this council. I believe the priorities established in this budget are the right priorities for our city today, and I believe they can be summarized in three areas. One, investing in job creation, which I believe is

May 25, 2011

our most important and urgent priority today. Two, public safety. And, three, funding the safety net. This is the third budget where we have progress, this in my judgment, in all of those three areas. The mayor deserves the credit for setting the table on those priorities. Within the big picture of this budget, there are some specific things we are doing which will have a significant impact on the quality of life of the people we serve in our community. I want to begin by thanking the mayor and my colleagues for funding the safety net for the most vulnerable people in our community during the toughest recession in our lifetime and, in particular, with the action we took today to add an additional half million dollars to our short-term program, we call that in shorthand the straw program, but that is the housing bureau's number 1 priority. It is the community's number 1 priority, and it is a program which we are fully aligned with our county partners and our friends at home forward, former live the housing authority of Portland. It is the most important and effective program we have to prevent families from falling into homelessness and to take people from the streets to housing as quickly as possible. And in this budget, the mayor essentially fully funds the Portland housing bureau, and I thank him for stepping up to make that happen. We are also pleased that he has requested that we do a citywide housing strategy to begin to better align our long-term view of the housing needs of our people with the work that's being done with the Portland plan. On equity, there is a significant investment in down payment on something I care deeply about called the e-205 initiative. \$500,000 in this budget to jump-start a program to begin to deliver small scale projects for communities in east Portland that have waited too long to have a playground, a bench, better lighting, a community garden, and communities across east Portland have been applauding this initiative, and we have made a commitment to match the public dollars to private dollars and to get it going. This budget also contains funding for teen programs. Never in our history has it been more important that our young people have healthy and productive activities during the summer to be involved with adults who provide guidance and support and in continuing our commitment to run teen programs, we will be continuing that commitment. The budget also contains funding to continue the progress we've made in forest park. This council a year ago made a -- laid out a series of steps that we were going to take following the report issued by the city club and by the off-road cycling committee, and this budget contains \$80,000 to conduct the forest park wildlife study, which was one of four items that we identified as urgent needs. It also contains some seed money to allow us to continue to build out sports fields in underserved parts of our community. Our children deserve to play on fields that are safe and that can be used year-round. In working with our partners in the various school districts and with some of our corporate leaders, we will be able to continue to make progress on that goal. This budget also contains money that addresses hunger particularly among kids and allows us to expand our programs to serve needy children in the summer through our parks and contains funding under the action plan of 1000 gardens. These are just isolated examples of funding and programs that have a significant impact in the lives of people, particularly people who have been hard hit by this recession. I could not be prouder to serve on a body that invests in these kinds of programs during a recession, and I want to again acknowledge that the mayor, who sets the table in our budget, has set forth the priorities which are my priorities in this budget. Mayor Adams and colleagues, thank you. Thanks to andrew scott and the whole team at omf who have helped us through a very challenging process, and thanks particularly to members of the public who have come and testified at all of our public forums and helped us get it right. Aye.

Saltzman: Aye.

Leonard: Aye.

Fritz: I thought I was going to have another 10 minutes to prepare my remarks. I want to thank the taxpayers of Portland for providing the funding that we are allocating today and the people who provide the services to those taxpayers in the community and in the city government. Thanks to everyone who participated in the budget. The bureaus, Andrew Scott has, as always, done a tremendous job. Community members who have testified on on-going and in many places and

May 25, 2011

many ways, telephone calls, emails and the budget forums. And the Mayor for his leadership. We are fortunate that we are not in a cut budget this time, although we have made additional cuts because we cut quickly and deeply in the first two years, so we do have some additional revenue. I'm pleased we are putting \$900+ million into the rainy day fund for next year and I think we need to continue to be very conservative in our use of the contingency, plus we're not out of the woods yet and we're hearing that from a lot of folks. For the most part, I agree with what the mayor and my colleagues have proposed. There are some particular line items that, if I were mayor, I wouldn't have done that way, but you couldn't get me to be mayor for all the tea in china, so I will defer to the mayor's choices.

Adams: One down, 500 million --

Fritz: The mayor's leadership through this very, very challenging time. I've been asked why I haven't done more to provide sidewalk and various other things i've been wanting to provide in Portland since I got here 25 years ago, and the fact of the matter is that we haven't been expanding our funding. What we've done over the past two years is prioritizing. I think one of the silver linings to the recession is that we realize jobs is a four-letter word, a really good four-letter word and that we want to promote both large and small businesses. I'm particularly pleased with the allocation of \$525,000 to begin to address inequity and equity in our city and region in a more systemic and collaborative way, a very small start to the known inequities that we have for people of color, for people of disabilities, for people in different parts of our city, different income abilities, education, and we are pursuing that in many different ways. People look at the special appropriations as if that's the only part of the budget that we are careful about, but it isn't. As I mentioned earlier, the scholarships that we awarded yesterday to students who have struggled and achieved graduation in high school and now are going on to Portland community college with an example of how the council is addressing equity in multiple different ways and multiple different venues, i'm very proud to be a part of that. I'm glad that we have the funding that will allow us to continue working with community partners and with every staff person in every bureau to make sure that we continue -- that we make more progress than we have in the past on that. Thank you to the mayor for his leadership on that also. With that, I vote aye.

Adams: I want to thank my colleagues on the city council for their contributions to the critical thought, the ideas, the making sure that we have an accurate understanding of the challenges that are contained within this budget. We are simultaneously seeking to help those that have been had it worse by the recession, as commissioner Fritz and Fish mentioned, but also to do that in a way and to take additional effort to the fundamentally change and improve the city to protect what we love most about Portland but to change fundamentally areas of the city that need to improve. And whether it is the resource access center that changes the way fundamentally cities across the nation provide assistance to those that find themselves homeless, those that have mental health and addiction issues, without a job, this council has invested in that and leadership of individual members of our council. Whether or not it's not only dealing with maintenance issues and for, let's say, the sewer bureau by doing it in a way that is more cost-effective, most cost-effective, and has multiple benefits from a single effort -- and I could go on and on with this list, but the notion is that not only dealing with the toughest recession we've had since world war ii but fundamentally improving so, at the next recession, when the nation seizes, Portland does not automatically get economic pneumonia. So I want to thank, in addition to the city council, the citizens who were involved, the budget advisories committee, purb, andrew scott, jeramy patton, josh farwood, the omf analyst, rich gower, tim rust, my team, jennifer yocom, and my chief of staff, warren jimenez. Really appreciate it. Aye. All right. A programming note.

Scott: You have one more thing to do on the budget, probably the most important we'll do today. The tax levy. It's number 10. You need to approve the tax levies back to your group budget.

Adams: Move approval of the tax levies. We need to read that?

Scott: We absolutely need to read it.

May 25, 2011

Fish: So read.

Moore-Love: We need a motion.

Adams: Oh. I need to read it. Got it. We have water bureau papers. I've got these. I've got budget notes. One moment, please. The city shall levy its full permanent rate of \$4 -- it'll be 4.5770 per 1000 of assessed value and \$11,000,142,373 for the payment of voter-approved general obligation bond, principal and interest, and 114,264,711 for the obligation for the fire and police disability retirement fund and \$0.4026 per thousand of assessed value for the children's levy. Furthermore, the city shall levy the amounts listed in attachment e for urban renewal collections.

Saltzman: Moved.

Fritz: Seconded.

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

Fritz: This is indeed important and a good reminder that the money comes from taxpayers and is used for taxpayer services. Aye.

Adams: Aye. All right. I adjourn the city council as the budget committee, and I will soon impanel the city council as the budget committee for the Portland development commission, but a program note. For those of you waiting, after we do the Portland development commission, we are going to go through, 'cause I see staff waiting on some of the second readings. We'll go through and do all the second readings to get them done, and then we'll go back to the regular agenda, which our first item on the regular agenda, after taking care of the second readings, will be item 531. I'd like to empanel the city council always the Portland development commission budget committee. So impaneled. Can you please call the role?

Moore-Love: Fish.

Adams: We're doing pdc.

Scott: You're just saying you're present.

Fish: Excuse me. Here. **Saltzman:** Here. **Leonard:** Here. **Fritz:** Here.

Adams: Here. A quorum is present of the Portland Development Commission budget committee. Mr. Witcosky.

Keith Witcosky, Portland Development Commission: Essentially before you today, you're going to -- we're recommending a couple changes to the budget we presented to you a week ago, and then we'll be requesting that you approve the resolution. There's five changes, one substantive, one quantitative, kind of qualitative. The second is transferring about \$4 million to the next fiscal year to purchase some property in kenton that's not going to be done in the current fiscal year, and then the other item is the issue we discussed at length last week regarding the budget note about, before we invest in major capital improvements related to the rose quarter, that there will be a discussion and decision on how to balance at the rose quarter.

Fish: Is it a time for a question, mayor?

Adams: Yes, sir.

Fish: I have received a couple of letters and e-mails from folks primarily in gateway and interstate inquiring about some of the reductions in money that was previously budgeted for parks and green spaces. You've given me an explanation overall about the haircut the budget took and some of the changes that the commission had to work on.

Witcosky: For the record, we've had to cut \$35 million in the upcoming budget. Given lower assessed values, given debt-covered ratios, because of that, we did have to make cuts across the board, particularly transportation, parks and housing. We are continuing to align ourselves with the 2009 city economic development strategy as well as the neighborhood economic development strategy that you'll be making some decisions on later today. That is how we've prioritized our programs.

Fish: For the benefit of my colleagues the issues that have been brought to our attention with the changes in the budget, there would be a deferral in making investments in the gateway plaza, which is a master plan that we recently adopted. We hope to make some investments in the near term but

May 25, 2011

that would be deferred. There are also a couple of community prioritized green space and park opportunities in interstate that would also be deferred?

Witcosky: Correct.

Fish: Thank you.

Adams: How many positions did we cut, just for the public?

Witcosky: That's 17 positions.

Adams: So this is an agency that is assertively cutting to provide stability. Difficult cuts but to provide as much stability as we can for the next five years.

Witcosky: Correct.

Adams: Additional council discussion. Does anyone wish to testify on this matter?

Moore-Love: No one signed up.

Adams: Unless anyone wishes to testify, can you please call the vote?

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

Fritz: Thank you for those clarifications both keith and commissioner Fish. Aye.

Adams: Aye. Thank you very much. So we'll do the second readings, and then we're going to have a break of about 15 minutes. So if you want to step out to get something to eat or such, I won't be -- we probably will not be going back to the regular agenda again, starting with 531, probably not until half past. So if you want to, i'll make sure that we don't start on the water issue before half past so you at least have 45 minutes, if you need to, to grab a bite to eat or what have you. Let's begin with the second readings. For those of you watching for the first time, these are items that were nonemergency, and so we're simply voting on them this time. We've already had debate on them. Please read the title and call the vote for 528.

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

Adams: Aye. 528 is approved. Please read the title and call the vote for 529, second reading.

Item 529.

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

Fritz: I think it bears repeating that parks rates are not going up. Aye. [laughter]

Adams: Aye. 530 is approved. Please read item number 533.

Moore-Love: I just did 529.

Adams: 530. Thank you.

Item 530.

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

Adams: Aye. 530 is approved. Can you please read the title and call the vote on second reading item number 534. Sorry. 533.

Item 533.

Adams: Authorize additional revenue bonds for urban renewal areas.

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

Fritz: These are for worthy projects, and I support the increase. No adjustments are being made to reduce the amounts of the other five uras in the last discussion as to where the money might come from, so I want to put into the record that the answer is probably from the river district in answer to my question last week. Aye.

Adams: Aye. 533 is approved. Please read the title and call the vote, second reading 534.

Item 534.

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

Fritz: Well, again specifies that I won't be taking the increase and payments in taxpayer money, and my job is to designate what charities I give the money to but not which charities I give the taxpayers' money to. Aye.

Adams: I won't be taking a raise either. Aye. 534 is approved. Please read the title and call the vote, second reading item 535.

Item 535.

May 25, 2011

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

Adams: Aye. 536 is approved. Please read the title and call the vote, second reading item number 537.

Moore-Love: That was just 535 we did.

Adams: Sorry. 536.

Item 536.

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

Fritz: That was a good open debate in democracy last week. I do request commissioner Saltzman and dean marriott to reconvene the bes budget advisory committee to decide where the additional oh .53 rates. Aye.

Adams: No. 536 is approved. Please read the title and call the vote for item 537.

Item 537.

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

Fritz: Well, first I thank david shaff and his staff for getting back to me and helping me understand the reasoning behind the current rates. I did get answers to many of my questions. I have a much better understanding of how the rates will be changing over time due to the various projects like lt-2 and accommodations for deferred rates from the past. Unfortunately, without the budget note having passed, there's no guarantee that any increases that won't be needed, if we are able to change our compliance timeline or schedule, will be applied to further rate increases, and therefore I have to vote no.

Adams: I want to thank the bureau of water for the 1% rate reduction supporting that and the mayor's proposed budget. Aye. Approved. Can you please read the title and call the vote for second reading item number 538.

Item 538.

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

Adams: Aye. 538 is approved. We're going to take a recess until 15 past and then start up with 531. We're in recess.

At 11:52 a.m., Council recessed.

At 12:20 p.m., Council reconvened.

Adams: We will proceed with resolutions. Please read the title of item 531.

Item 531.

Adams: So when asked the question probably one of the most important questions that any layer of government or the most important question that city government needs to answer and continuously answer is are we ready for a natural disaster? Are we prepared to deal with things we cannot anticipate exactly when but scientists say and historical trends say will happen. Are we prepared for an earthquake? Are we prepared for a flood? Are we prepared for the more frequent emergencies related to inclement weather? The short answer we always give us we're always seeking to be even more prepared than we are now. It is a value of continuous improvement which also requires continuous self-examination, brutal self-examination. I have long felt, as other predecessors, other mayors have long felt, that the answer to the question of are we prepared citywide -- the answer, I think from a factual point of view, rightfully has been no. Our emergency preparedness resources are located, for the most part, on the east side of the river, and significant resources are located in the far eastern portions of Portland. We also have significant resources for emergency preparedness lying under the fremont bridge approaches. The fremont bridge approaches that were built in the 1970s. This has been on my "to do" list since the day I ran as city commissioner. What we're proposing today is to, consistent with the process that brought us to this state, consistent with one of the options that has been before us to this date and with significant help from commissioner Fish and from the water bureau, transportation bureau, the bureau of

May 25, 2011

environmental services, we have a site, for the first time in the city's recent history, an opportunity to pursue a site that is as close to ready to go as I could or we could possibly hope for or imagine. There is something we have to do, and there hasn't been a better opportunity to do it in a very long time. Please read the title.

Moore-Love: I did.

Adams: I would like to recognize director carmen merlo from the department of emergency management that will go through the exact nature of the opportunity in front of us and the summary of work to date to get where we are.

Carmen Merlo, Director, Office of Emergency Management: I'm carmen merlo, the director of Portland office of emergency management. I want to acknowledge first that this has been an almost four year long process. The department of transportation, the water bureau, and the office of emergency management have been involved. I want to quickly recap the history of this project and more importantly why we need this site. First and foremost, the city owns and maintains critical resources on the west side of the river. Right now, 68% of pbot's bridges, stairways, retaining walls, including the harbor wall, all on the west side of the willamette river. And we know that this depends on transportation, the lifelines to the downtown commercial core as well as the northwest industrial center. We have no city-owned west side fueling station aside from the basement garage of first and jefferson. I think all of you have know that the first and jefferson garage is also limited by height capacity so large rigs can't go down there. We currently have no west side location to perform repair and maintenance on city-owned vehicles, no west side location to store de-icing equipment. Right now pbot leases a facility on the east side, yet their operations are on the west side. So moving that capacity to the west side will create some efficiencies. Finally, no alternate location for either pbot or the water bureau's incident command post or the city's emergency coordination center, having an alternate facility for us to coordinate during emergencies certainly would ensure that we've got some continuity of operations. Here's a visual of city-owned properties on the west side of the river, including the emergency transportation routes and a picture of our utilities, gas, water. Yellow triangles are the cell sites. You can see the number of infrastructure we have on the west side that needs protection. Why are we talking about this at all? Well, I think all of you know we've got some pretty severe seismic risks in the pacific northwest, starting first and foremost with the cascadia subduction zone. This is a 600-mile fault located off the coast of Oregon where the juan de fuca plate is sub ducting under the north american plate a very similar scenario to what japan experienced in march. They experienced six minutes of very heavy ground shaking. And if the cascadia subduction zone weren't enough, we also have three crestal faults in Portland, the east bank, Portland hills, and oak hills faults. The Portland hills fault goes not just through downtown Portland but, if you go further up north, right through the northwest industrial area where we have all of our tank farms and is the hub for a lot of our energy infrastructure. The east bank fault goes through the lloyd center and benson high school, among other notable facilities. So quite cause for concern. Although the primary damage from earthquakes is due to ground shaking, they also result in secondary effects. We know for sure that we'll have very many aftershocks after any earthquake, either crestal earthquake. Liquefaction, Portland having very many steep hills, certainly susceptible to landslides, lateral spread, flooding, and destructive fires caught by ruptures of power lines and gas ruptures. The Portland water bureau and engineer will tell you that Portland is a good place to be a pipe. While that's true, a lot of our infrastructure was built prior to our understanding of the seismic risk in the pacific northwest, and so we know that, if we have an event, our water, sewer, and gas lines are certainly going to be in trouble, not to mention the 15 bridges that cross both the willamette and columbia rivers. And we've got 1700 unreinforced masonry properties scattered throughout the area but predominantly in old town, downtown chinatown that also we expect not to fare very well during an earthquake. We've got a heavy concentration of critical infrastructure particularly in the northwest industrial area, which is a hub for the olympic pipeline as well as electrical transmission and rail lines as well. So with all this in

May 25, 2011

mind, back in 2006, we learned that the u.s. Army was decommissioning two properties in Portland, one on the east side and one on the west side. And the Portland water bureau, bureau of transportation, and home were one of six applicants that submitted a notice of interest to the u.s. Department of defense. Throughout 2007 and 2008, it was a very extensive public engagement process that public meetings were convened. At the june, 2008 council hearings, all six parties made presentations to city council. Ultimately in july of 2008, city council made a recommendation that the sears facility be awarded for affordable housing and directed pbot, the water bureau, and home to go out and look for alternate sites. So they came up with a selection criteria for the kinds of sites that would be ideal locations. We agreed we wanted a property not less than three to five acres with sufficient capacity for covered storage. Equipment is temperature sensitive so has to be in covered storage. We wanted a place easily accessible both to the freeway as well as major and minor emergency transportation routes, had to be on flat ground with flat access to roads. And then finally vulnerability. We wanted a site that was out after floodplain, out of any wildfire hazard area and away from steep slopes. So we began a GIS search, and I think we had at one time a yield of about 369 parcels. From there, staff reviewed them and put them into three categories. And the first category being the most desirable we ended up with 148 properties that we then vetted through the categories I mentioned previously. And from those sites, six stood out as either exceeding or meeting the criteria we set up. And these are the six sites, and I'll show you a photo of each of those. So starting with the property at 2615 NW Industrial street, this Christmas tree lot, you might recognize as the BES facility and Guiles lake. And we did consider this as an option at one time. The next property you'll also recognize is right next door, the Oregonian property. This is a facility literally at the corner of hwy. 26 and 217 in Beaverton. Another one in Beaverton, close to downtown Beaverton library, on Beaverton Hillsdale Hwy. which is very close to Jesuit high school, and finally one also in NW industrial area. This one near the police forfeiture area way out on hwy. 30. So for a multitude of reasons these sites were crossed off the list. Whether it was because of not good access, too far from downtown core, not in the city of Portland limits, this one in particular was near very steep slopes and susceptible to land slides. Not all of it was available for use. We only had access to a very small portion. They are currently leasing most of the property, I forget who the people are who are leasing it.

Adams: And the eventual -- if we wanted to buy or lease it long term, we would have to pay full market value because it was purchased with rate payer dollars and it has bond requirements attached.

Merlo: And we followed up on park properties in northwest and southwest and other options lease from other public bureaus and lease from commercial realtors. There are not many parcels that are available for lease or than we felt would be a good fit for the uses we intended on the property. So here we are, back to the jerome sears facility at 2730 SW Multnomah Blvd. I'll give you a quick scan of the buildings. The main building is a two-story 24,000 square foot administrative building which has a two-story assembly hall in the rear. Next to that is a covered shed area and all the way to the rear is a maintenance shop. It's got parking facilities for over 100 vehicles, and additional capacity in the rear for at that time, military equipment. There are underground storage tanks at the site. I believe -- tanks at the site and I believe they've been decommissioned.

Fish: Can you go back to that picture?

Merlo: Yes.

Fish: The building, I guess to the east, further to the east, right to left.

Merlo: Sure.

Fish: Is that the gym?

Merlo: The building in the back is the gym. The one to the side is a covered storage area.

Fish: The one in the back is currently the functioning gym.

Merlo: Right.

May 25, 2011

Fritz: Do we know the underground storage tanks, have we done soil testing yet – is it a brown field?

Merlo: There's no finding of significant impact and they did take a look at the underground storage tanks.

Fritz: Would you plan to use them as a fueling station?

Merlo: We wouldn't use that one. Of the main 10,000-gallon underground storage tank is literally in the middle of the grassy area. And that's not where we would site it. We would opt to put -- and I believe John is here from fleet, we would prefer an above-ground tank. Not an underground, if we sited a fueling station.

Fritz: Why do that rather than using the shell station down the street?

Merlo: The shell station is not city-owned and may not be open for us to use after hours.

Fritz: Can we get a partnership agreement with them?

Merlo: I'm sure we could. I think we also want the ability to have our own city-owned facility for our own maintenance vehicles aside from secondary benefit with a partnership with shell -- John, hi.

Fritz: How big of a fueling tank above ground?

John Hunt, Office of Management and Finance: We can do it either way. Above ground or underground. Above ground is easier, there's no DEQ regulations, but sometimes you want to go underground for space considerations and it's more pleasing to the neighborhood as far as being sightly and so forth. We would suggest putting in a couple of 12,000-gallon tanks. Probably split them in half and that way we can run alternative fuels and we would also have to buy some dispensers and a canopy and so forth, but easy thing to do. There's actually a Washington state contract right now we can just procure the tanks dispensers and the other parts and pieces we need and think that would be about \$600,000. I think we had a range of \$600,000 to \$800,000 for it.

Adams: The reason we wouldn't want to rely on the shell station is the same reason that the Bureau of Transportation and others have their own fueling stations. One, we need to keep it secure. Two, in the event of emergency and a run on gas for the optics of us fighting and the reality of trying to cut in line in front of the public with our big rigs is problematic. We talked about a public-private partnership at the Yeon site. It was on the corner, my concern about -- any sort of station here is I'm worried about traffic safety. We're going to look at the best way forward, but we looked at using existing stations and it -- there's a variety of reasons why I rejected it.

Fritz: Are we thinking that city fleet would be refueling here on a regular basis and not just in emergencies?

Adams: No.

Hunt: And if I might just add a little bit more to the -- the city right now owns and maintains seven different fueling sites now and one of the primary reasons is because we need to have that storage capacity in an emergency. We can go 30 days given the throughput we have now and the capacity but the problem is that different vehicles -- types would be needed in an emergency, so that's just a rough estimate right now today. But as mentioned earlier, there's really zero fueling on the west side of the river. So -- and why would you put in a station? It's because we're consistently about 15%-20% under that shell station you were referring to before because we buy fuel in bulk through a contract and then pass those savings along to the bureaus. So it's beneficial to the city over the long haul because we actually save money because we're large enough to do that.

Adams: It gives me an opportunity to underscore part of the presentation, this is an emergency operation staging area. There's not a Stanton yard, this is not a daily kind of -- or a daily staging area for utilities and our public works efforts. It's an emergency staging area.

Fritz: Does gas go bad if it sits in a tank for years. Do you have to occasionally use it up?

Hunt: We do for generators. We have a service that will clean the fuel and we do that.

Adams: I can tell you during the course of -- it takes years for it to go bad and during the course of even a mild winter where sanding and de-icing or anti-icing the west hills, I have no doubt we've have enough churn in the fuel tank to keep it fresh.

May 25, 2011

Fritz: Thank you.

Adams: I know a lot more about this than I ever thought I would in high school.

Merlo: So a quick timeline. To bring us up to date. December 2010, commissioner Fish notified the mayor of their intent to reassign the sears facility back to the city. We conducted additional outreach to the Multnomah neighborhood association throughout january and february and finally, in february, the Multnomah neighborhood association reaffirmed their initial position from 2008 acknowledging the city's proposal as their preferred use for the site. How does the sears facility meet or exceed the criteria we set out? Well, it's a four plus acre site that can accommodate indoor and outdoor covered storage and got easy access to both i-5 as well as other emergency transportation routes including barbur boulevard, terwilliger and capitol highway and 99-w and locate the de-icing supplies where pbot runs its operations. Out of a floodplain and wildfire areas and have the opportunity to reuse as opposed to demolishing the buildings and 2008 through FEMA, the city received a 100% public safety benefit, that transfers the property to the city at no cost. The next slides talk about how the site will be used by various partners. For pbot and the covered storage of de-icing materials and equipment and maybe moving the storage capacity there. Used as a training and meeting space and, of course, alternate incident command post and site utilization for water bureau. Almost identity. Parking for six damage assessment team trailers and also alternate sites for incident command posts. For poem, we'd like to use this facility to store our equipment for neighborhood emergency team as potentially a emergency shelter and provide ability and capacity to do net trainings using the classrooms available in the sears hall and an alternate facility for the emergency coordination center and finally, as you heard from fleet, finding another west side fueling station. Where we are now. Our next steps are to revise the reuse matter plan spitted through the department. Defense. Sears site slated for closure by the end of september of this year and we have to get approval from the department of defense and housing urban development agency and we can phase in our strategies. At a minimum we have to make the building ada compliant and it is for the first floor but not the second floor. We note we have to do additional site improvements to be in compliance with green building codes and ensuring a solid i.t. Infrastructure and connection to the irne. I'll be happy to answer questions.

Fish: I have a couple of questions you said that you were going to consider using one of the buildings for emergency shelter. So I mean, for example, you might keep the gym and have that available so if we had incompliant weather, a place for giving people shelter, use that site?

Merlo: Absolutely.

Fish: When we went through our community process when it was context plaited for housing, some of the feedback had to do with the gym and having -- contemplated for housing, and we were going to tear it down and put housing and green space and a garden. When you do your master plan, is that -- does that come back to us at some point for any kind of input.

Adams: It does, Moses is here if you can come up. Because of the difference between the housing path and this path, i've sought to be as crystal clear as I possibly could about the change in perspective of the site and because it becomes a secure facility for the storage of supplies and equipment, it does not make it impossible to have potential site for community garden or other more daily access to some of the facilities. But i've been really clear on folks to not count on that, at least not in the short term. I think --

Fish: On that point, in the same way when we were doing our planning, we had other bureaus at the table offering opinion. We would ask for a opportunity to pitch, doesn't mean anyone will hit. There was community momentum around a garden that might be located on the edge, funding permitting. We want a chance to pitch.

Adams: Absolutely.

Moses Ross: As chair of the --

Adams: Introduce yourself.

Ross: I'm moses ross, chair of the Multnomah neighborhood association.

May 25, 2011

Adams: Thank you for being here.

Ross: Thank you very much. In the discussions with the -- when the plan was presented to the neighborhood association those were concerns that the neighbors had as far as what role they could have in involvement with the facility if the responsibility of it went back over to the city. And what i'm saying, you have a willing partner with the neighborhood association to do improvements to the property, to help -- and you have a source of volunteers.

Fish: I want to say when the mayor said would moses come forward -- [laughter] -- given the disappointment with another visitor not coming, moses wasn't bad, mayor. And while --

Adams: If you want to provide any other comments. The neighborhood association and business association have been, you know, very -- in the last six months, have been great in terms of making a time on your end to meet with you and discuss the challenges and opportunities to the proposed change of use and I want to thank you and the business association. Is there any other introductory overall comments you'd like to make?

Ross: I had some comments on the situation. First off, thank you for the opportunity to speak to you as chair of the neighborhood association. About a landmark in our community. And the turning of a new business in the historic Multnomah neighborhood. Sergeant first class Jerome sears army reserve center has been a landmark in the neighborhood for decades. The soldiers have been part of the that landscape and gracious contributors to our community, not only the sense of security but for their participation in our community. Patronizing our businesses and being a visible part of what makes the Multnomah neighborhood a unique place. I refer back to the sense of security issue. The armory continues to play a role in our neighborhood sense of well-being, especially with the new intent with the use of the property. I personally feel and the majority of the residents polled feel that the intention of using the property as a west side staging area for emergency response is the best option. To quote the 2008 letter that our neighborhood association presented to the Portland city council, the preferred applicant and land use option that this neighborhood recommends for the sears armory is for the oem. The direction held up under three straw polls for applicant and land use. This usage preserves the existing structures and provides the broadest public benefit to our neighborhood and the city of Portland and emergency preparedness is important and in the event of a large scale natural disaster, the west side of Portland becomes especially vulnerable. Concerns of the potential site usage issues were raised and identified unacceptable uses that are not in the neighborhood's best interests and this is from 2008. Those issues -- the scheduled from the site that would generate excess traffic through a predominantly residential area, and considered by the neighborhood as unacceptable that don't fit in with the neighborhood. Usage beyond emergency support do not meet the benefits intended by the army and not supported by the neighborhood and reinforced that the neighborhood only supporting it if it's used for emergency use. That passed with unanimous vote. The Multnomah neighborhood and resident are in support of the transfer to the city to ensure an effective emergency response on the west side of Portland and my thanks to all that have brought this together and look forward to working with poem and the city to ensure we're on the same page in the future.

Adams: Thank you, moses, very much. Anyone else signed up to testify? Let me just see --

Moore-Love: No one else signed up.

Adams: Go ahead.

Fritz: Is the building earthquake safe?

Merlo: There's been an assessment done. There might need to be additional seismic upgrades. It's made of concrete foundation and walls with burly facility and may need to be additional upgrades. The building was built in 1959, 1960, which is prior to the building code so there may be some work needed to be done.

Adams: But there was a million dollars put into it?

Merlo: When I looked at the assessment again it was actually for other upgrades and not seismic upgrades.

May 25, 2011

Fritz: How would we pay for it?

Merlo: First don't know how much is needed yet. We don't think too much needs to be done of the assessment did indicate the building was sound seismically, so it could be as -- I couldn't venture a guess at this point.

Adams: The other point I want to point out is that we don't have to use the building either. The storage for room temperature is -- those are separate buildings that are more recent.

Merlo: Yes.

Adams: That have a better seismic rating a. The classroom and office space, at least initially, to get us the benefit of storage, we don't have to take that on immediately, although we will, we want to eventually.

Fritz: And how about the northbound on ramp from Multnomah boulevard to the i-5? Is that seismically upgraded?

Merlo: No, that has not been seismically upgraded. However, it's identified as a emergency transportation route which is on a priority for debris removal and access if we had an event. So because it's identified as an emergency transportation route, it's already identified as being in need of clearance and repair.

Fritz: Do we know --

Adams: And also, if it were to fall down, you can reverse flow on the other lane of the street. Because it doesn't go over.

Fritz: One criteria was to have freeway access, so --

Adams: There was not freeway access?

Fritz: If there's a earthquake and the on ramp falls down --

Merlo: We have barbur boulevard to get downtown. Multiple access to the downtown core.

Adams: Right, every site we looked at had -- the location of least resistance was probably the yeon site.

Merlo: Right. In other words, if -- if the ramp collapses, there are other ways to get to the downtown core, other parts of the west side, without relying on i-5.

Fritz: It would have been helpful to me to have the report we discussed at the budget last year as far as looking at different sites. Before voting on this. How are we going to provide sidewalks and when will that happen?

Merlo: There's a sidewalk there, already.

Fritz: Not an entire sidewalk.

Merlo: Yes. I don't have an answer for you.

Adams: We'll chip away at it. Because this is not intended to be a daily public access facility, we still need do it and potentially put in a light so when there's a emergency, we can got our vehicles out. Those are things we have to chip away at. Because of the price of the facility, pretty reasonable price --

Fritz: We have to consider all of the costs.

Adams: Yes, i'm recommending given we have a facility that tomorrow we could stage supplies and we have no other option like that, not only we could -- if they gave us the keys tomorrow, we would move equipment and stage supplies and it could be there for the long term. So we wouldn't have to make improvements if we didn't need to. And we want to. That's far better of an option than I would have hoped for. Anyone else wish to testify on this matter? Any additional council discussion? Karla, please call the vote.

Fish: So I am going to very enthusiastically support the resolution, but with a heavy heart. When I -- when I first joined this council, and this issue came before us, we heard clearly from the community, the Multnomah village community, they had two priorities. One was a west side operation center, emergency center site. And the second was to invest in affordable housing in that community. And my council colleagues in 2008 supported a housing option and it was not without controversy. And we diligently pursued that. David is here from the housing bureau and we went

May 25, 2011

to the pentagon, the first and last time i'll ever go to the pentagon and met with the colonel in charge of the program to lobby our case and a tremendous amount of time and energy went into designing a mixed use community at that site and given the location on Multnomah boulevard, proximity to both hillsdale and Multnomah village, the schools and other amenities and strong community support, we thought it was a great win. Because of the downturn in the economy and reduction in federal funds and because of housing bureau being overstretched with lots of other programs, I notified the mayor at the end of last year, we could not proceed. And there's a certain symmetry at work here. You and I discussed before. And maybe everything has its season, but as today, as we vote on this, and I assume it will have strong council support, for moving forward with what I know is your priority, but you would have preferred in 2008, it is the very week in which hud came to town and gave us an \$18.5 million check to begin the revitalization of hillsdale terrace and we're keeping faith with what the community asked us, working with our partner, formerly hap, to revitalize hillsdale terrace and create a green and mixed community there at the same time we're going to another use for this location. So maybe it was meant to be. David sharon and the team, thanks for the work you put into this. And your creativity. Had we been successful on the housing option, I think the most we would have gotten is a 50% discount. The fact you got 100% on the transfer is great news to the taxpayers. I want to acknowledge as we went through our process, the good people in that neighborhood, moses testified but I want to acknowledge randy and mike and rick and all the people who rallied to that site. Because it's a different community and more defined by what they support than what they oppose and it was a pleasure working with my friends there. This seems to be a perfect fit and site well adapted to the use we need and both the mayor and commissioner Leonard made a compelling case why we need it there. So i'll enthusiastically support. And I began by saying I have a heavy heart, because at one point, we thought of housing. But there's another comment i'll share. Since late 2008, at the eastern end of the site, there's a billboard that says nick Fish is ruining Multnomah village. While I never --

Leonard: I have a billboard downtown, too.

Fish: Mine is bigger. And I never met the gentleman who put it up and never had the occasion to knock on his door. But I suspect after this vote, he'll have to at least change the sign.

Adams: He'll say sam Adams --

Fish: I never objected because I have the highest name i.d. In that area and I was reelected despite the existence of that sign. But it will be a nostalgic thing for -- a nostalgic thing for me. Carmen, you've been diligent on this. And for you to come today saying you've got the green light to get a transfer at no cost is an enormous win for our city and that community and I believe the next piece of this which is the hud dod approval is more pro forma. For those who wonder, have we lost time and momentum, I would reassure them it was never intended to be decommissioned until december of this year. So this process has not delayed what otherwise would have happened in any meaningful way. So pleased to support this and want to thank everyone who worked so hard. Aye.

Saltzman: Aye.

Leonard: Thank you, carmen, for working on this. This is a great site and I appreciate you and mayor Adams' work on this. Aye.

Fritz: I don't think this is the best use of this site. It is a beautiful site within walking distance of Multnomah village. I would have preferred to hold it and move forward with the housing option if it wouldn't be managed at the end of last year. I'm concerned about accessibility for pedestrians and I don't know if the sidewalk will be built whereas if it were developed in another way it would have required a sidewalk with the development and the on ramp to i-5, and i'm in the unusual agreement of disagreeing with the Multnomah neighborhood association and my colleagues and I think a very respectful disagreement. No.

Adams: Well, this begins the -- sets out the council -- I appreciate the council's -- the majority of the council's support and this sets out our clear request for the federal government to turn over the

May 25, 2011

site at no cost to us. And to fill the gap that has been our ability to respond on the west side. To emergencies, whether they be ice and snow, or earthquakes. So carmen, I want too thank you and your team. The city attorney's office, I want to thank warn who worked on this for -- warren who worked on this, the various iterations, option was carmen. Thank you, warren. And I want to thank moses and the neighborhood association and business association for their support. Aye. [gavel pounded] 531 is approved. Can you please read the title for procurement report item number 532.

Item 532.

Adams: Commissioner randy Leonard.

Leonard: Well, I think some of what hasn't been discussed about the project at powell butte the history of the project -- at powell butte was -- the history of the project, this was not planned as a reaction to lt2. Quite the contrary, this project began in a master plan in 1995 that was ultimately approved in 2003 to build a second 50 million-gallon tank at powell butte. Most people are not aware that there's currently a 50 million-gallon tank at powell butte that water from the bull run goes to that is then distributed to our various customers throughout the region with the exception of gresham and some customers that we served before powell butte, sandy, who we signed a contract with will come on board sometime in the next few years, they will not be directly served by powell butte, but will have a direct stub off one of our transmission water lines. When this plan went through the land use process, there were a number of conditions that were included as part of the work with the neighborhood association, including a caretaker house, parking lot, improvements, restroom remodeled, a small interpretive center and other amenities. Those are all part of what will happen ultimately as this part of this project. When this project was originally estimated, it was -- it was estimated to be \$25 million more than what it ends up. That's a savings of 22%. Aside from the obvious other issues surrounding this project, the fact is that this was a project that was planned to be built and because of the state of the economy in general, but specifically, the construction industry, it's coming in at \$25 million cheaper for an amount that's 22% less than what we had estimated. That is a savings for ratepayers that will change as the cyclical nature of the construction industry changes and people get back to work, we will lose that competitive advantage. That aside, I bring before you this report.

Christine Moody, Bureau of Purchases: Christine moody, we have procurement report bids received from ssc construction. Bids were received from SSC construction, of California, Graham contracting of seattle, and kiewett of Vancouver wa and pcl construction services of bellevue, Washington. Ssc construction was the lowest bid at \$80,238,574. The water bureau will have on-site project management to address field issues and has developed a contractor quality control specification designed for efficient, effective planning and manage cost overruns. Because of the size and scope, and the immense amount of subcontracting opportunity at the 2nd and 3rd tier levels, we're using a modified good faith efforts process rather than the traditional process in which we identify divisions of work for mwesb subcontracting at the time of bid. This modified process allows us to work with ssc to establish and coordinate an mwesb plan. Once the plan is complete, it will need to be accepted by council before notice to proceed can be issued. Ssc has already identified \$3.7 million to mwesb firms at the first tier subcontracting level. Hand it over to dave.

David Shaff, Director, Water Bureau: I'm david shaff, the director of the water bureau. And commissioner Leonard gave the introduction as to why we're doing this project. I don't really have anything to add. I'm more than prepared to answer questions if you have any.

Adams: Questions to sort of understand better. Why would this be needed, why was this called for prior to lt2, potentially regulatory considerations? Why was it needed exactly?

Shaff: The water bureau has been planning -- and actually the site of powell butte has been in the city's possession since the early 1920s. We built our first reservoir there in 1980 and there are plans, as the city grows and our storage needs increase, to have a total of 200 -- 220 million-gallons at powell butte. This was the second phase. Several years ago, the city was looking at building

May 25, 2011

additional storage as commissioner Leonard said, back in 1995, the intent was to have additional storage.

Adams: Why don't we just upgrade. This is some of the conversation, part of my briefing to air it out. Why not just upgrade the mount tabor reservoirs? I know they're old, I know they're seismically challenged.

Shaff: You mean cover the reservoirs?

Adams: Not cover the reservoirs, what if we were to upgrade. Not cover the mount tabor reservoirs as opposed to building powell butte 2. What are the pros and cons of that?

Shaff: Then we wouldn't be in compliance with the lt2 rule.

Adams: And what's the status, the condition of powell butte 1?

Shaff: Well, it's 30 years old, we would like to eventually take it off line and seismically retrofit it. We won't be able to do that until we have powell butte ii. It's not in our five-year plan but on our list of things we want to do when we're able.

Adams: Is there anything operationally if we were to proceed with powell butte ii it would require us to take -- does it automatically require us to proceed with the rest of the federal so far federal -- and we'll talk about state -- but does doing powell butte ii in and of itself operationally require further reservoir changes or upgrades?

Shaff: No.

Adams: It's a stand-alone project among reservoir system --

Shaff: Yes, if you completely discount lt2, it would be a stand-alone, it would be a stand-alone project. It is the first step of lt2 compliance. But if it you didn't have lt2, no. It's -- nothing else needs to follow.

Fish: A couple of questions. I might have asked these earlier, but this is where i'm going to take advantage to clarify some things. I also got letters recently and I think there's still some confusion and I want to nail down the key facts. Over of the next five years, if we don't get the waivers, that we've discussed here, on both -- both pieces of lt2, reservoirs and the treatment, we're looking at a possibility of upwards 85% rate increase, correct?

Shaff: On water rate, yes.

Fish: And I asked a question at our last hearing what portion of that is attributable to lt2 and I believe you said that the combined cost was -- percentage was 25%, correct? Of the 85% --

Shaff: Right, yes.

Fish: 25% of that, not as a percentage, but 25% of that is lt2?

Shaff: Correct.

Fish: And I believe you said if you broke that down even further, 15% had to do with the reservoirs and 10% with treatment.

Shaff: I think that's correct as well.

Fish: So we have -- we're vigorously pursuing the waiver on the treatment side.

Shaff: May I correct you?

Fish: Yeah.

Shaff: Of the term is variance. Waiver is -- there is not any such thing as a waiver.

Fish: Thank you for correcting me.

Shaff: Variance is the correct term.

Fish: So we are vigorously pursuing a variance on the treatment side, correct?

Shaff: Correct, we'll be submitting it in two weeks.

Fish: And if successful, then we could save up to 10% of that -- up to 10% of that increase would come off if we're successful in getting the variance.

Shaff: With the caveat as I mentioned last week that the maintenance of a variance, keeping the variance is going to have an impact.

Fish: Fair enough. Now, on the other side of the ledger, the 15% attributable to the reservoir.

Shaff: Yes.

May 25, 2011

Fish: The action before us today is to approve a contract for about \$80 million.

Shaff: That's correct.

Fish: What portion of the 15% is reflected in the \$80 million?

Shaff: I think last week, I cautioned you against asking me to do math in my head. So i'll caution you again. I can't tell you that today.

Fish: Well, if we're talking about a total cost of somewhere around --

Shaff: I'm looking for my finance manager.

Fish: Just in rough terms. I'll get to my point in a second. It's a fraction of the total cost, right?

Shaff: Yes.

Fish: So with that in mind, I got a letter from one of Portland's leading investors and developers within the last day. And he said two things, i'd like to give you a chance to respond to them. The first is that, quote, a substantial portion of the rate increase of the 85% proposed rate increase over five years, is, quote, to finance the covering of existing water reservoirs. Is that accurate?

Shaff: No.

Fish: Ok. And that's because you've just told me no more than 25% of the total 85% is attributable to lt2 and of that, only 15% is attributable to the reservoirs, right.

Shaff: Right.

Fish: And he goes on to say that, quote, other major cities, throughout the united states have either been exempt from this requirement or obtained a moratorium of compliances, that accurate?

Shaff: No that's not accurate. There's no -- no public water system in the country that is exempt from the open reservoir requirement. They all had to have a schedule as did we by april 1 of 2009. I assume he is referring to new york, who is under an agreement and requirement to cover their hill view reservoir but they have an extension until 2024, I believe.

Fish: An extension of time?

Shaff: Yes.

Fish: Finally, commissioner Leonard has said he's going to in effect petition the state to find out if there's a path we can pursue to seek a variance and request guidance. Notwithstanding what the governor's office has already informed your bureau. So -- we'll wait for that response. But I guess my question is if the clouds part and all of a sudden, through some kind of changed circumstance there is an opportunity to seek a variance here, how would that process impact at all the timing under which you're following here by pursuing this contract? Help me understand how the two operate. We would be seeking guidance for whether there's a variance and if there's a path, the commissioners made a commitment to pursue that. At the same time, you're asking us to support a - to approve a bid on the construction in powell butte so, how would they operate going forward?

Shaff: I'm not entirely certain, commissioner. The --

Fish: When do you plan to break ground?

Shaff: We will begin on powell butte, we'll begin within the next several weeks. So on that, it would be fairly immediate. We're planning on beginning construction on kelly butte later this fall. We have -- under the current schedule, that we're supposed to comply with, and presumably we have to -- that enforcement action would be taken under, we have to be done by december 31, 2015. And we should be able to complete that. We -- but we don't -- we don't have a heck of a lot of time under that.

Fish: Maybe it's such an obvious question, i've forgotten how to communicate. But if -- if -- if you proceed with what you're asking us to support, and at some point, we get a variance, then what happens?

Shaff: Well, we wouldn't proceed with kelly butte because kelly butte is clearly linked to lt2. Kelly butte, we're simply upgrading. And we would then probably come to you at some point and say, ok, we're going to need to invest in our reservoirs.

Adams: I want it make the commissioner's question more pointed in your estimation and I think after testimony, because people are waiting. I might ask the city attorney. So be warned, same

May 25, 2011

question. Do we admit a certain kind of regulatory guilt by moving forward with powell butte as it -- powell butte ii received efforts at regulatory relief we would seek from the state on secure water or covering water?

Shaff: I honestly don't understand your question, sorry.

Fish: Are we admitting something?

Adams: Are we admitting something by proceeding with powell butte, from a regulatory lens, only -- i'll ask the city attorney.

Shaff: I think we're complying with the rule as it's written and as the schedule we've agreed to with the epa and that now the state has primacy to enforce. So no.

Adams: You said earlier, this was first called for in --

Shaff: '95, the operation -- back to 1995, yeah.

Adams: For operational purposes?

Shaff: Yes.

Adams: And then earlier testimony today, I want to give you a chance to respond, said that I don't know if -- i'll ask the city attorney as well, that someone on our team engaged in dirty tricks with the state, that part of the rule that came out last year, we were somehow -- we were behind initiating that state rule. Were you --

Shaff: No. We were working with Floy jones and kent and scott and folks self years ago on getting the state statutes, the ors changed to allow the -- for a variance to occur. The state didn't have language in its statutes to law for variances. After that, the drinking water program, put together administrative rules to promulgate that statute. I think terry simply misspoke. I have the rules in front of me and said they were adopted in april 2010. I think he corrected himself at that meeting.

Adams: Other conversation?

Fritz: What would happen if we don't accept the procurement report?

Shaff: We wouldn't proceed with a contract. We have -- there are two dates that are in the contract. Both 60 days. One is a guaranteed price, so -- after june 6th, they don't have to honor the bid and the other is a potential for a delay claim and christine might be better qualified to answer that than i. **Moody:** Well, I think from the bidding standpoint, there's the guarantee of price from the contractor and that does expire on june 6. And so at that point, we would need to, you know, go back to the contractor and ask them to hold their prices.

Fritz: We don't have actually have to accept it today. We could delay until next week if we wanted to.

Leonard: David, you're missing the lt2 compliance. You have to speak that.

Shaff: I thought the question was related to the contract.

Leonard: No question is related to just of the contract.

Shaff: In addition to the contract issue, we will also be out of compliance with our schedule. And I believe that date is june 1. So we would be in technical violation of the agreed upon schedule and presumably and we would have to notify the state and didn't meet this milestone and the state would take enforcement action.

Fritz: We need to do it by june 1st, not today, may 25th. We could do it next week? Theoretically, without consequences?

Shaff: Theoretically, I think that's true.

Fritz: Thank you. I have a question about the specifics in the contract. Questions -- been raised to me about the caretaker's house costs \$465,000. That seems a lot for a caretaker's house.

Shaff: All of the bids were close to what we were originally anticipating.

Fritz: What are we buying for \$460,000?

Shaff: Just that, a house.

Fritz: A nice house. How about what are we buying --

May 25, 2011

Leonard: I think that's uncalled for. If you want to ask questions that are professional and have answers, I appreciate that. But question the or impugning the bureaus integrity or anybody else is uncalled for and that's playing to the audience.

Fritz: I don't comment on your behavior, and I would appreciate the same courtesy. Why does the interpretive center cost the ratepayers \$490,000?

Shaff: The interpretive center is part of the master plan required of us and that's the bid that came in. There were -- we -- I think we estimated a different amount. That is the overall bid from the successful bidder as part of the package.

Fritz: What am I proposing to buy for \$490,000? What's in with that?

Shaff: I can come and bring to you the work that the water bureau has been doing with the community for the past, probably two years, on the park improvement. There are \$13 million worth of park improvements in this particular bid.

Fritz: Yeah, that would be very helpful.

Shaff: There's been a lot of work on this -- A lot of work and community engagement and a lot of people in the community who are very, very excited about the work. But as I said, it's about \$13 million worth of that -- of that \$80 million is on park improvements and buildings. So the maintenance building, the caretaker's house, the -- the storage building and the yard, the restroom remodel and parking lot improvements and trail improvements. All of those things add up to \$13 million. And there has been -- and if you go to our website, you'd be able to find that information on the project and on the -- at least the exterior look of the various buildings. They haven't been designed.

Fritz: When the environmental services brings a big contract, they come and brief me and give that detail ahead of time, rather than expecting me to go to the website. It's disconcerting to be asked to approve a bid for \$80 million without having that breakdown. But perhaps we can have that discussion after testimony.

Adams: Other council discussion? I'd like to get to public testimony as quickly as we can. All right. We'll have time for more public testimony and i've got some questions, probably follow-up for you and the lawyers, to not keep people waiting, how many do we have signed up?

Moore-Love: 14.

Adams: Called in the order of the way they were signed up.

Adams: Mr. Lloyd, would you like to begin? Again, the rules of testimony are your first and last name. Don't want your address or phone number. If you're authorized to speak on behalf of a nonprofit, a for-profit, any kind of government, we need -- you need to disclose that as part of your introduction and glad you're here. Mr. Lloyd.

Darvel Lloyd: Good afternoon, mayor Adams and city commissioners. My name is darvel lloyd, I volunteer and represent impact northwest. Also volunteer with the friends of mount tabor park. I -- these comments were written down before your vote this morning, but we very much appreciate your commitment to pursue all kinds of other avenues besides the covering of the reservoirs, if -- anyway, the city council must, we feel, direct the water bureau, eventually, to renegotiate the reservoir compliance schedule. Pushing out a compliance for the tabor reservoirs until something like 2025. The reservoir schedule can be renegotiated for any reason. Nothing in the law specifies, requires there should be a technical justification for a longer compliance schedule. In recent years, the costly enhanced security and deferred maintenance projects have been undertaken at Portland's open reservoirs. Good governance says that ratepayers should reap the benefits of the projects they have financed. This is about good governance. And a consulting firm hired by the water bureau studied the open reservoirs from 1995 to 2004 and 2001 document that firm you rated them as being in good condition, and listed projects if completed over a 20-year period would maintain the safe function until 2050, if that work started in 2003. The majority of the recommended projects were completed under four contracts between 2003 and 2011 at a cost of \$45 million. One of the upgraded contracts \$23 million, construction contract was awarded in 2007. One year after the epa

May 25, 2011

lt rule finalized and ran until march of this year and ratepayers' water bills will reflect the costs over the next 25 years. Now, do I have to wrap up?

Adams: 27 seconds.

Lloyd: Ok. So please make it a priority to remove all unnecessary lt2 mandated constructions in this -- projects in and reduce the rate increase for the benefit of all people and pursue alternative compliance for the open reservoirs, beginning with renegotiating the compliance schedule. Thank you.

Adams: Thank you, mr. Lloyd. Hi.

Tom Keenan: Hi, tom keenan, president of Portland bottling and representing the central Portland east side industrial council. 15,000 employees; 1200 businesses. Number one water usage has been declining. The water bureau's statistics show that. Number two, seattle is building the same basic size reservoir system for \$30 million less than we are. Number three, the water bureau continually overestimates, rates are based on that and when they come in under, as commissioner Leonard said, I didn't see rates go down. Number four, respectfully -- to commissioner Leonard, you don't ask the state, if you can. You follow the statutes. And you look at the law. Which does allow the variance. It's like asking the piranhas, if you can swim in their river. The need to stop it until we've exhausted the legal avenues available to us. Businesses are overwhelmed by utility costs and no more should be spent on lt2. Logic dictates with new information and new primary decider, the state of Oregon, that we stand a good chance of taking care of Portland's beleaguered water payers. Your constituents deserve to have this tabled now. We can win this, we will win this if we go for it. Thank you.

Adams: Thank you, sir.

Adams: Good afternoon, thanks for your patience. We appreciate it.

Jane Malarkey-Harmon: My name is jane malarkey harmon. I've been to city council many times regarding issues around -- concerning our bull run water. And our water quality. And the water bureau. Today, i'm here to ask that the city council delay any action on the powell butte project as part of the lt2. I urge you to have public hearings and workgroups. For everyone to be involved and to listen how these decisions are made. The idea of spending what sounds to me like close to a million dollars on two structures that have nothing to do with our water quality and then at the same time have these enormous increases in water rates just doesn't make sense. This is not something that is in the best interests of our citizens. And I -- I have to say, after listening to some of the answers to some questions asked by the commissioners, with respect to all city employees, I don't understand how a project can be justified by people being excited about it or working hard on it. That, to me, does not justify spending taxpayer dollars. Thank you.

Adams: Thank you, jane. Hi, welcome.

Ted Whitehead: Ted whitehead with yo cream international. We want to take this opportunity to that the city request and seek available variance options to the lt2 project and cease any additional expenditures toward these projects until those options are exhausted or variances are granted. We make this on two points. First, with respect to a tangible need. The targeted testing of bull run sources has not returned evidence that these projects will have positive impact in the purity or safety of the drinking water and with respect to a competitive business environment, Portland's water and sewer costs are higher than the rest of the nation and we need to keep utility the rates down to keep Portland a competitive and attractive place. Now that the epa has delegated primacy to the state of Oregon, the city has additional options and should follow whatever means are necessary to seek variances and additional water treatment and urge you to vote in a manner that would postpone lt2 while additional variance options are pursued and curb any proposed rate increases related to these projects. That you for consideration. The city of Portland and citizens and businesses.

May 25, 2011

Fish: I have a question for you, you've been at this for a while and it's helpful to understand something. Other than lt2, which you've highlighted in your testimonies, is there any other driver behind the proposed increases over the next five years in the water bureau rates you object to?

Whitehead: Personally, i'm not --

Fish: On behalf of your company.

Whitehead: On behalf of my company, we have not been at this very long and it was a question of our, what is the -- what are the other driving factors behind the other 60% of the rate increases that are non-lt2. That's a question of us as well. We don't have specifically other objections. We have not been involved enough to know what those other drivers are to have a statement against.

Adams: Hi, welcome.

Tom Fahey: Tom fahey, with siltronics. We're the largest commercial water user, I believe our rates are about 5% of the bureau's revenue, and we've been at this for a while too. I was here last week and we were in the meeting that the mayor convened with the attorneys and appreciate that, and we do believe that the lawyers have laid out a clear alternative path for the city to pursue and we would like to you pursue every avenue possible before going ahead with construction. This, we think, is a prudent use of the money that we pay to the city for the water that we use. I know it's tempting to negotiate a discount on the construction like you have. And then feel like, well, let's stop the construction and then we lose that discount. But it's -- you know, we've all, I think, seen in our own personal lives, just because you buy something on sale, if that's not something you really need, it's still a waste of money. And so that is what we feel is going on here. We really think you should be absolutely sure this is necessary and not just go forward because we're potentially saving some money on construction costs. Along with that, of course, the mayor, wearing your jobs pin, we appreciate that. And that's very important. I know you've -- a lot of other companies about the job side of this, the construction aspect, is, of course, going to provide some jobs but as I mentioned last week, those are temporary job, oftentimes going to out of state companies and when we heard the list of contractors, several had out of state addresses attached. It makes my point that I made last week. And all of these companies that you have coming up here, all of these ratepayers, all are providing jobs to Portlanders. So as I mentioned -- or asked you last week, I had a question for you. I said, how is this helping the trade and sector companies compete? And you didn't have an answer. I understand. It was a rhetorical question. We know this is not helping. As "the Oregonian" said, the question is really one about courage. Your courage to vote for the ratepayers of this city. And it's a simple question and in this case, it's a very clear question and only has a yes or no answer and we hope you vote in favor of the ratepayers of the city and stop construction. Thank you.

Adams: Thank you for your testimony. Welcome, thanks for waiting. Would you like to please go first?

Rose Marie Opp: Ok. This testimony will be as an individual here. Start out by saying the lt2 rule is based on --

Adams: I apologize, I need you to say your name.

Opp: Rose marie opp hundreds of epa officials said they were politically interfered with. I have the links which i'll put in the record. The epa official says they're reluctant to fine a municipality. The "the new york times" article stated that epa does not intervene in water systems. Now congress and the president are forcing epa to postpone needed rules. Surely, our council and our congressional delegation can now ask epa for a waiver from a unneeded rule. This political climate is in our waiver this, just happened this last month, I believe. January, president obama grabbed headline was op-ed and wall street journals, and followed up with an executive order calling on federal agency it is make sure future regulations impose the least possible burden and review existing regulations with an eye to weeding out those that are outmoded or excessively burdensome. So since that political climate is in our favor, we really are asking our city council to be in our favor as well. In sum, i'm hearing that as far as lt2 rule, you need to notify the state for a delay. So you really don't need to vote on this powell butte expenditure, no matter what commissioner

May 25, 2011

Leonard is say being planning, from 1995, maybe those folks already knew they were going to be heading out for the lt2 rule. I don't know, but \$80 million is a lot of money and i'm not sure we're going to need extra storage. My only personal feeling a lot of people will probably be moving out. Businesses could be moving out with high water rates. Using less water and I really don't think we should go forward with this powell butte storage tank right now. The water bureau, they just seem to be on a race. They want to close up this bid. We know that they can simply notify the state now. To ask for a deadline -- for a waiver from that deadline. And as I mentioned before, and I think the citizens listening on cable need to know we're talking a billion dollars for public health problems that doesn't exist and our water bureau is already in huge debt. We really should not even ask any more debt here. And we should be seriously asking for a legislative exempts, a waiver from the -- exemption and I will be submitting a letter from the neighborhood association into the record. That's another matter. Thank you, my time has run out.

Adams: Thank you very much for your testimony. Hi, welcome.

Cherie Lambert Holenstein: Hi, cherie lambert holenstein. I'm here like everybody else is, concerned with what is happening to our water bureau and want you to postpone all compliance with lt2 and do not go any further with powell butte. I walked up there frequently, I was up there a month ago, and I saw the caretaker's house there and this morning, I saw a picture of the new caretaker's house that will be built and my first question was sarcasm, does the guy have a mate? It's an attractive house and why in the world we need to build a house like that for the caretaker is beyond me. At the teleconference or phone conference last week, the attorney from reid smith, david wagner, I believe his name was, said, of course, public health is protected, reasonable minds would prevail and I think all of us agree. We have one of the most wonderful water systems there is and don't need to comply with the epa, and government should not harm the people. Government should protect the people and maybe you need to adopt the slogan of nike, just do it and work for a way. Thank you.

Adams: Thank you. Hello, sir, thanks for waiting.

Steven Marks: You're welcome. I'm steven marks, my company is Portland historic properties and i'm a member of the Oregon state bar. But i'm here speaking on behalf of my approximately 50 tenants and I want to remind you or maybe educate you about something i'm very familiar with. That is, that when you own and provide rental housing to people, good quality rental housing, non-government affected, private sector housing, your number one operating expense is the payment of municipal taxes but the number two operating expense is now payment to the water and sewer bureau. And as those expenses continue to go up -- as those expenses continue to go up, it directly affects the affordability of housing in the city and every time you come to the ratepayers and ask for more and more and more on one hand, you spend money to promote affordable housing, but with each action you take, like this proposed action, you are making housing less affordable for the many thousands of people who you don't see in your budget requests. Those of us that are not involved in government. But I want you to remember when you vote on this, that if you vote for it, every one who doesn't seek your help, but pays water rates through increased rents, will be affected and housing will become less and less affordable in this city. And that should be a major concern to everyone. The second point I wanted to make is because i'm a member of the bar, because i'm a historian, novice, I want to remind you of the importance as a political strategy of the idea of civil disobedience, that -- disobedience, after the break this morning, I heard mayor Adams speaking to the press and I think to some extent, i'm preaching to the choir here because I think the panel knows that these actions now are not a good idea. But perhaps with your exception, sir. But the majority of the board, I think, realizes this is not the right time to do this contract. But if it should come to pass that we don't get the variance we seek, civil disobedience is a viable political strategy in this era of media, it focuses a attention, like a laser beam and I think this woman was quite correct when she said -- i'm almost done -- that we have a very favorable political climate in Washington, I think we should use it to the best of our ability.

May 25, 2011

Adams: Thank you, mr. Marks. Thank you all. Hi, sue.

Parsons: Hello, good afternoon.

Adams: Good afternoon. Ms. Bauer, hi, how are you?

Linda Bauer: Hello, linda bauer. I got these pictures of the buildings in -- that are shown on the bid out -- off the powell butte website, just as mr. Shaff said. But I got these pictures on the council agenda because I couldn't find them on the website. So I put the figures and buildings together and i, as commissioner Fritz cannot understand how -- why things are so expensive in this bid -- and I would please like to get the same figures as the commissioner because I just don't understand why all of these buildings are so outrageously expensive.

Fritz: May I ask a question? You obviously were involved in the process and have been all along. Director shaff spoke to the community benefits and the in put that the neighborhood has had. Can you speak to what kind of things you're expecting?

Bauer: There was a citizens advisory formed and that committee looked at the -- the design concept. They never ever saw the price. So, yes, the committee actually -- I think took a vote at the end to endorse these design concepts. But that's why I would like to see the prices and -- as would you, because --

Fritz: Can you tell me the kinds of things that director shaff -- what elements are included, in addition to the house and the interpretive center, what other community benefits was the community looking for?

Bauer: The committee, the advisory committee talked about trail improvements, the interpretive center, the new parking lot, the caretaker's house. And the -- oh, maintenance yard. With the improvements that the hearings officer required.

Fritz: Thank you.

Leonard: I just have to say, linda, i'm disappointed in what you're saying. The community -- the community didn't look at drawings that were made and say they're ok. The community was intimately involved in creating what you're looking at. At one point in the process, the -- I suggested that the existing caretaker's house, which is a modular home put up there recently, be the caretaker's house and not build the house you're now objecting to and I was told it was promised to the community, through the community and through our outreach folks they adamantly wanted the house built you're looking at now, and not the caretaker's house that's there. I feel a little bit like -- again, this isn't being explained fully to people listening, that it sounds like the water bureau on its own designed a bunch of buildings and the community said, ok. Nothing could be further from the truth. They've been intimately involved in each stage of the development of the amenities. As they progressed and have approved each one as they've been designed.

Bauer: The hearings officer required that there be a new caretaker's house. The hearings officer required there be an interpretive center, hearings officer require there be a maintenance yard. The community did not want a maintenance yard on a nature park but the hearings officer required it. So then the water bureau convened a cac and we looked at the concepts but there were no prices. We didn't know the city would propose to spend \$2 million to build a maintenance yard. I -- i'm sorry if I disappointed you.

Adams: Ok. Ms. Jones.

Floy Jones: Yes, a lot of my comments I made this morning, but I just wanted to stress as the "oregonian" reported, in the articles over the last several months that, epa was wondering why Portland complains about the rule now because Portland water bureau was heavily involved in development of the rule. And that's a fact. Under a five-year contract we hired a consultant, the one whose pockets are being lined now, on all of these contracts to negotiate this very bad rule. The epa, city of Portland, Portland water bureau, no one can point it a single city in this nation that's benefiting from this regulation.

Adams: I'm going to give you more time, but --

Jones: Simply --

May 25, 2011

Adams: If I can interrupt before you move to the next question. I'm trying to understand and people use different words to mean different things -- these questions are just about clarity, trying to understand what you're saying. Not to be argumentative. When you say the epa rule, are you talking about the epa rule or the state rule?

Jones: Well, the rule is the rule. The epa lt2 rule is --

Adams: Covering reservoirs.

Jones: The epa rule that requires we treat or cover to address the reservoir issue and that we treat the source water to address the same issue. The cryptosporidium giardia.

Adams: You're saying the rule at the federal and state level or just the federal level.

Jones: The rule was made at the federal level.

Adams: You're saying the rule at the federal level was made by the city or a city consultant?

Jones: No, I'm saying, the Portland water bureau hired a consultant to participate in the rule-making process. The very same is with global corporations who both in Portland and across the nation are profiting from this rule which isn't providing any measurable public health benefit anywhere.

Adams: I know that part. I'm trying to get the rule making piece down.

Jones: The rule-making was made in Washington d.c.

Adams: What was the firm?

Jones: Joe glicker, a former water bureau employee.

Adams: The firm?

Jones: Then, he was with Montgomery Watzon Harza Global. Now he's with ch2m hill.

Adams: To your point, is that the industry made the rule that's requiring us to do lt2?

Jones: They participated in the rule-making process, yes.

Adams: Ok. And when we -- ok, i'm going to let you go. The next point you want to make? Now, I understand that.

Jones: I want to say that laws trump regulation. So the state drinking water act does provide for a variance, we went to the legislature, as david shaff mentioned, in 2007 to make sure that Oregon's state law was in line with the federal regulation. And last year, that was the dirty trick, somehow they made some change to Oregon regulations. That can be addressed. Go to the governor's office and ask them to strike it or go various routes. But simply sending letter now to the state and asking them to tell us -- sending a letter and asking them to tell us what data we need to collect isn't going to get us anywhere.

Adams: Again understanding an effort to be clear. Over the years you've told me we could get a variance on the federal level for different provisions including the covering issue. And I have lobbied personally on either -- i'm -- I use the words inartfully waiver or variance on both aspects of the lt2 issue. I sat in a meeting that was one of the most uncomfortable of my political career, actually, it was a whole day full of meetings where commissioner Leonard in the most skillful way shellacked the various bureaucrats and elected officials and I thought security was going to escort us out but -- i'm going to give you more time -- so i've been part of the lobbying for regulatory relief. I haven't been party to everything, but i've seen commissioner Leonard ask for it. My understanding is -- I want to trade notes with you -- the reason we started with a letter is that we didn't know -- part of it was it wasn't -- we didn't know how to begin to ask for a variance at the federal level because the process was not often used and we wanted to make sure that we were investing in the right kind of variance data so we could support a variance and that's why the letter was made. Now, when the letter came back and said don't bother, i'd been party to a bunch of efforts and then last week, the firm -- and I really appreciate the water users making the firm available for discussion. This is very complex and trying to understand it. They concurred a variance was -- regardless of going to the state, they concurred a variance at the federal level was not possible for the covering issue. And i'm going to let ken talk to why I misinterpreted that or not. So you've said over the years a variance at the federal level was possible and I thought you were

May 25, 2011

involved in -- i'm not -- more tough questions to the bureau, you've been involved in selecting a lawyer and we took epa to federal court. What happened, why didn't we succeed at the federal level in your opinion?

Jones: I believe you're wrong on what the reid firm said. They said that epa chose to use their discretion and in the comments that new york commit submitted on new regulatory reforms in march of this year, as they say, epa refused to exercise the discretion afforded by a variance provision in the state drinking water act. Epas chose to use their discretion and a big factor in all of this is, you know, the schedule for covering the reservoirs was negotiated with the epa by the water bureau behind closed doors. It's no secret -- if the only thing you did is look at since 1995, a series of contracts, whether you're looking at the infrastructure master plan or the nine-year powell butte plan or five-year regional -- it's no secret, the water bureau wants to build treatment plants and buried tanks. Part of the problem is they negotiated behind closed doors and told epa we want to bury our reservoirs and this is the schedule we're giving and you make us stick to it.

Adams: I see.

Jones: So now, with the state, we're going to have to address the regulations.

Adams: I'm going to give you a chance to talk about the state. So you're not arguing that the epa said no, and that they said no. You're saying they exercised their discretion to say no, they could have said yes is what you're point is, I think.

Jones: That's right.

Adams: So now -- I appreciate that clarification.

Fish: Mayor, on that point.

Adams: Yes.

Fish: So i'm clear, tell me all the cities that have been successful in getting the epa to exercise that discretion. Just name the cities for me.

Jones: Well, new york has written before us.

Fish: New york has got a delay in building. I'm asking for cities that have successfully received of the variance under federal law.

Jones: No one else has applied yet. No one else has applied. They're looking to Portland. That's been discussed all along. Baker city is very interested in a source water. They don't have open reservoirs. They are very interested in a source water variance. They don't have the money, they cannot raise rates like the Portland water bureau has done.

Fish: I appreciate your advocacy, but we have questions that have answers and you'll have time to make your point, but there's facts I need to know. Just to be clear, no city has been successful in getting the epa to exercise its discretion to give them a variance on this rule, is that correct?

Jones: Other than new york, I don't know anyone who has applied.

Fish: You say other than new york. I want to clear. What kent told me, they've been able to negotiate a longer period of time to comply, not that they've successfully obtained a variance.

Jones: That's correct.

Fish: That was my question.

Adams: I am alarmed to hear - I appreciate your patience in letting us break it down but you've been at this for so long and you deserve extra time. What's alarming to hear is that we were somehow -- some sort of back door -- you know, some back door agreement to the disadvantage of ratepayers because the bureau was motivated to -- some inside agreement that the bureau, you say, was -- asked the epa to say no because the water bureau wanted covered reservoirs. What evidence do you have for that?

Jones: I wasn't in the back door meeting even though I had asked to be. All of us who had been working on this for a decade. When we would negotiate the schedule for compliance. First of all, there was no public process. The 2004 reservoir panel said if we weren't able to meet a mitigation option, there would be a meaningful public process. There were 13 members sitting there and you were able to have a public discussion. That never happened. The rule requires we treat or cover to

May 25, 2011

address contaminants that don't exist. We didn't have to put together a fast-track burial plan. We found out because we attended a regional managers' meeting and heard them discuss ownership of powell butte ii. What are you talking about? We found out the next week they were going to have a meeting with the epa and asked to be invited and told we were not. Was I sitting there to hear the discussion? Do I know fully based on 10,000 hours of looking at water bureau documents and their interests and burying tanks and building treatment plants that they're fully committed to doing that whether we need that or not? I know that. Do we need powell butte ii? You asked that for other reasons, no we don't.

Adams: I appreciate that and I appreciate the concerns and i've asked you to air them out and you did and thank you. Is there any – in your combing through the documentation, if you can provide the documentation of -- I mean this sincerely. The documentation where the water bureau or the city in some way asked the epa to tell us to bury the -- to tell us to do the first part of lt2 regarding covered or buried reservoirs, I would very much appreciate that.

Jones: The rule requires that you treat or cover to address these contaminants.

Adams: I'm talking about the part where you said that the bureau basically asked the epa to impose these regulations on us.

Jones: No, well, I want to be clear. I said in negotiating this schedule, which they brought to you on the day they were submitting it to epa in 2009, they didn't bring a treatment option. They didn't bring you alternatives for treating at the outlet or extended compliance schedule. They brought you the schedule, which was negotiated behind closed doors and then since then, what we've heard them say, there are no options for delaying this. There's no deadline in the rule for complying with the reservoir requirements. None. Zero. No deadline, that was a schedule put together by the water bureau. And then they say, oh, now we have to have a technical reason for moving the schedule out. There's no basis in law. No technical reason is required. If you think the epa doesn't want to defend their rule that isn't providing any public health benefit? Of course they do.

Adams: As we look to the state, I want to give you time to finish remarks about what you think the opportunities are. I appreciate you answering my questions and the commissioners' question. I promise --

Leonard: I wanted to respond. Floy was right. She was not invited to the meeting by me. With the epa to discuss the schedule. And I want to explain why. I told Floy and I want to make sure since she's raised this. Floy was intimately involved in a number of decisions made, including hiring the law firm that challenged this rule in court. She was involved in a number of meetings with me. At a key meeting where the epa administrator from seattle agreed to come to Portland to discuss the various options available to us, the tenor and tone that was used at the meeting became so counterproductive that I the felt like it was no longer in our best interest have Floy attend.

Jones: You're impugning my integrity.

Adams: I'll give you a chance to respond.

Leonard: And it happened at the budget committee as well and we had to make changes not so that people would -- wouldn't be there if they disagreed. But people be allowed to finish what they were saying without being cut off and as we moved through this process, i've tried to keep as many of the people at the table as possible, with a minimum degree of decorum required.

Jones: That is wholly inaccurate. That's all I can say. There are several people here who were in attendance. The EPA representative at the meeting that commissioner Leonard is referring to had never read the rule. They didn't know. So I'm not going to not explain what I have studied for years.

Fish: Ms Jones, I'm going to ask you the same question I asked someone earlier, which is, let's take the proposed 85% rate increase, I've got to break this out because I think were conflating a lot, every time we have this hearing we conflate lots of issues and I just want to make sure I'm tracking. If we get the variance on treatment and don't have to build this uv facility which will take 10%, up to 10% off the 80% out, if we are successful on a variance as to the other component of lt2, we get

May 25, 2011

down to 60% of the 85% increase, do you have any objections to any component of the 60% driver of the rate increase?

Jones: Yes. Many components.

Fish: That's part of what we're trying to do here, is build a record on that. And I sense ken's frustration because he comes in and talks about rate increases, others come in here and talk about reservoirs. They may or may not be part of the same package. Some of your members can't call me and say they want reduction, but they actually agree with the Oregonian that we should bury the reservoir. We've got a lot of different voices here, and we're trying to get to the right outcome. It's helpful to know, apart from the reservoirs, what component of the rate increase you object to.

Jones: Are you asking me to cite specific --

Fish: What generally --

Jones: As I stated last week, I don't support the deferred rate increases, I don't believe we should have been hiring during a recession, I don't think we should have been hiring laid-off bureau of development services employees, water bureau employees took no leave days when other bureaus did. I didn't come prepared to speak to that. I actually have a document and I could go through the whole list. I just think there are many other places where we could make cuts in the water bureau budget. Maybe not up to 60% certainly, but there are many other places.

Adams: I'd like to pick your brain as we pivot to the state change, but is there anything else you want to make sure that you have a chance to say up to the discussion then about from here looking at the state process that you haven't been able to --

Jones: I did give you something in writing, I was going to speak specifically to powell butte 2 but I definitely want to speak to the point of working with the state.

Adams: Could you summarize your thoughts on powell butte 2?

Jones: 1st we don't need additional storage as the 2004 reservoir panel was told, we have an excess of 50 million gallons of storage at tabor as it exists now. Anyone who has paid any attention, whether you were there during the major upgrades, when most of the reservoirs were offline, or if you've been up there any time since september, last nine months, reservoir six, the largest reservoir sitting on 60th, 35 million gallons each cell has been offline since september. So we have an excess of storage as it is when powell butte 2 is built we'll have an excess of 100 million gallons. And then regarding the cost, since 2008 the costs have been estimated at \$137 million. And if you add up the costs that the water bureau have out there now, spending -- we've already cut down on the excavation costs from 10 million to 4 million, construction contract, 80 million. If you add all those up, even if they come up to 100 million dollars, you still look at seattle, we're building a 50 million gallon tank for \$100 million, if that's the cost, they're building at the same schedule, same time frame, a two-cell 10 million gallon larger, 60 million gallon tank for \$57 million, with design construction and park amenities, and I provided two references.

Adams: So your thoughts on, as we pivot to the state --

Jones: As we pivot to the state, you can't simply send a letter. We all know what the letter's going to say. The regulation isn't going to allow for variances. If you're sincere in making an effort, you go in and have some negotiations, you figure out what the strategy is, whether we're going to go to the governor's office or work on reversing that regulation. Clearly the law allows that we already have collected three-quarters of the data already. New york's variance application document, 160 pages, includes all the their source water work. We've already conducted all that work and in a few weeks we'll see this huge document, I presume, that the water bureau has put together. So you work in that way, we have support around the state. What more support could you see in the city for this?

Adams: Ok. Anything else ms. Jones? Thank you. I'm sure -- hopefully you feel like you've been given extended time.

Fritz: Thank you for all your worker on the many years.

Jones: Thank you.

May 25, 2011

Craford: I'm kent craford with the Portland water users coalition. First, I just want to say having worked with Floy nearly 10 years on this issue, I will say I don't think there's anyone as knowledgeable about lt2 as she is, and I think she's correctly assessed what the city's options are, and i'd like to expand upon those. Before I do that, I do want to talk about the rates, because as commissioner Fish said, these get a little confusing, and we're talking a lot about the 85% increase. What about the 100% we're paying now? We talk about how much lt2 makes up the -- it's 25% of the 85%, but how much of the hundred percent we're paying now? And what about when you add those up over time, what's more, this 85% is just over the next five years. What about your sixth, seventh, eighth, ninth, 10th, we've asked for those numbers, and commissioner Fritz actually formally requested those numbers as part of the water bureau's budget works session. To date we've gotten no numbers from the water bureau as to what the rates are in the out years. I'd like to speak a little bit about what your options are.

Fritz: May I interrupt? I have -- I got those numbers last night. I'm going to ask someone to make copies.

Craford: Wonderful. Thank you.

Fritz: Go ahead.

Craford: I'm waiting for my timer to start again. Last week as we mentioned the mayor convened a meeting with the stakeholders, the attorneys, reed smith at the Portland water users had retained and the city attorneys. I thought it was a good discussion. What we understand your options are are the following. One, you can seek a delay from your current compliance time line. Number two, delay is -- .

Fish: Delay appears to be in keeping with what the Oregonian talked about today because they did it not it seems retreat from their position that burial may be the right option but they wanted to mitigate the impact of rate increases on consumers. Correct?

Craford: That's correct. And there are some who would say that we're not saying never on the reservoirs, we're just saying not now. We're not -- our coalition is not one of those, we don't think they're necessary at all, but that's correct. So number one, you can delay the projects and seek a delayed compliance time line or modified compliance time line. Number two, the state is the decision maker on a reservoir variance as well as a treatment variance, but there is a speed bump there that needs to be addressed with this regulation. Specifically the state regulation prohibits a reservoir variance. That is unfortunate. Fortunately, however, that is inconsistent with the state law. The state law is broad, the State adopted the federal regulation, the safe drinking water act, provisions for variances, so a variance option is available to the city the state could grant a variance, but the state needs to fix their regulation, that could be done administratively. So if we were to pursue commissioner Leonard's suggestion, and simply send a letter, the states can send a letter back and say there's no reservoir variance because our regulation prohibits it.

Fish: In your opinion how did that speed bump get into the law?

Craford: We don't know. And we had that --the mayor asked that question last week of the city attorneys and the water bureau, when did we know about this regulation being promulgated, was the city involved, we don't know the answers to those questions yet.

Fish: Are those the only two options?

Craford: No. Simply, we can delay, we can seek a variance and the third is that given you can delay your compliance time line you can see your variance, you can also stop these projects. And so that's what we're asking for today. We would like you to see you vote no on accepting this report or at the very least table this issue until the city can complete a formal application for a variance from the reservoir mandate.

Adams: Discussion with mr. crayford? Thank you very much for your testimony. How many more people are signed up?

Parsons: Three more.

Adams: Thanks for your patience today, appreciate it. Glad you're here. Who would like to begin?

May 25, 2011

Theodora Tsongas: I will. Good afternoon, i'm dr. Theodorea tsongas and i'm testifying as a senior tax paying member of the Portland community. I really think that the true costs of complying with lt2 treating and burying the reservoirs have not been systematically considered. We have to consider what Portland will lose, and that includes loss of income, loss of jobs, loss of businesses, loss of community diversity, loss of faith in city government, loss of true assets, loss of ecosystem services, and those are the analysis items that keep our water clean.

Adams: Dr. Theodora, I apologize, if you could pause for a minute. I'll let you start again. But I have to have a quorum in order to hear your testimony. So i'm going to use this as an excuse to take a 10-minute compassion break. We'll pick up with you when we come back. Bathrooms are on either side of the auditorium [gavel pounded] [recess]

At 2:19 p.m., Council recessed.

At 2:25 p.m., Council reconvened.

Adams: We have -- we are actually still on an item from this morning. And if I could have your forbearance, for those of you that are here for the 2:00 time certain, for the council consideration of the city's First neighborhood economic development strategy, we are already late for that. You're welcome to watch, sit and watch democracy happen in the council chambers. You're also welcome if you need to wait outside, this is a violation of various fire codes, to have people standing in the lobby. If you're here for the 2:30 diversity awards, we are going to be getting to these late. I would guess at -- right now we're running at least 20 minutes late. I apologize for that. You're welcome, we will call you, sign-up sheets are outside. You don't need to sign up for the diversity awards. If you want to speak on the neighborhood economic development strategy, sign-up sheets are outside.

We'll call folks as we move through these items. Right now we are taking our last folks who signed up, panel testimony on water -- on the water bureau item regarding powell butte two. Dr. Theodorea, please begin again. With the full three minutes.

Tsongas: Ok. Thank you. I'm dr. Theodorea tsongas, i'm testifying as a senior tax paying member of the Portland community. The true cost of complying with lt2 and burying the reservoirs have not in my view been systematically considered. We have to consider what Portland will lose. Including the loss of income, lost of jobs, loss of Businesses, loss of community diversity, loss of faith and city government, loss of true assets, loss of ecosystem services, and those are the natural systems that keep our water clean. As a retired public servant and one of 80,000 Portlanders on fixed income, and having to stick with a strict budget, a 12.9% increase in water rates this year makes it so that we have to choose between paying our bills and living in Portland. We just cannot afford it. And I have to ask, what is it about no that the water bureau does not understand? Please stop construction at powell butte, and get the water bureau's wasteful spending under control. Thank you for listening to me.

Adams: Thank you, doctor. Mam?

Nancy Newell: Nancy newell, i've had a group called Oregon green energy coalition for about 30 years now, it stands for Oregon green energy coalition because it's in opposition to opec. So we tried to get renewable sustainables into our cities and various locations throughout the united states for that long. And I do go out on the street on different issues related to it because water affects especially commissioner nick Fish, i'm trying to understand your insistence on the 25% rate increase. I hope you understand the impact it has as a ripple effect throughout the economy of the city, because as this woman stated and others have stated, there's no question the quality of life, and not to mention the human right to water that to water that bolivia established when they had bechtel privatize water and they didn't have access to their water. I've made this parallel once, I continue to reaffirm it because as has been indicated by major businesses here, the impact will be devastating. So I also am looking to the individuals that i've talked to about 100 so far, and they all have no knowledge of this, these are people that have businesses all along alberta, mississippi, fremont

May 25, 2011

avenue, and they are 90% the other percentage weren't able to be reached, they were too busy that I was able to talk to them. They have concurred any delay, any extension such as new york city, I familiarize them with the situation with new york city, and when you ask how many cities have had to do this, we're one of the few remaining open water systems is what I understand in the united states, so when you start looking at the numbers that have been asked to do this, it's limited. So we are actually setting precedent. So why not set the correct precedent? There's so many people you can act on behalf of, and your best efforts, even better efforts because that's what we did on long island, and I think it can be done here. I truly support every effort on every community person that speaks to delaying lt2 extensions however you want to verbalize it is critical. Thank you.

Adams: Thank you very much.

Regna Merritt: Good afternoon, my name is regna merritt, i'm here on behalf of Oregon's physicians for social responsibility. You received from us letters signed by a powerful number of groups, asking you several things. And a reminder many of the groups are not able to be here, but they include olcb, sierra club, teamsters, and widmer. That letter requested an extended time frame for compliance. It requested that the council not approve construction projects related to lt2 this year. Requested that you stop the huge rate increases, and apply for a variance. So you can take action today and help on two of those. Not approve pb2, delay or halt it. We believe considerable savings may be realized if you exercise oversight of the water bureau budget today. The cost for powell butte 2 must be questioned, delayed, and adjusted. We either -- as referenced earlier to 456,000 dollar cost for the caretaker's house, if you add in the cost for the electric and the conduits, it's \$102,000. The interpretive center is running over a million dollars for all those services and the new construction. These are luxury items in this economic climate. And perhaps help explains why our powell butte 2, 50 million gallon tank is doing to cost \$23 million, at minimum, more than seattle's \$60 million tank. A larger tank. In closing, we really appreciated amanda's effort to get a statement from the city council on need for a process this year on the review of the open reservoir requirements for tree or cover. And if -- since the council was unwilling to exercise their discretion there, we're asking you exercise your discretion here and now. And vote to delay powell butte 2 or halt.

Adams: All right. I'd ask the city attorney to come forward now that we've gone through the sign-up sheet. I want to be clear as I have been, I don't want to -- I think this is true for I would imagine everyone in the city. We don't want to pay a penny more than we have to for our water -- our bull run water supply system, and none of us believe that the federal regulations add much value. But they are something we've been wrestling with. We started out with three onerous federal regulations, we successfully beat back one, within the same time period and now we're look at the two lt2 related to drinking water. A question that is top of mind for me is a question about whether or not it would make sense to get a delay or an extension and it isn't just about possibility of that, it's also the probability of whether that delay would in your estimation as our legal counsel, whether that would -- what are the chances of success of delaying and pursuing whatever regulatory relief. You've been at this a while, if you could inform me and others your views on the probability of success on a delay on the covering the reservoir issue.

Terrance Thatcher, Office of City Attorney: I'm terrance thatcher, i'm with the city attorney's office. Mr. Mayor and council, it has been suggested that the city could ask for a change in the deadlines that are contained in the compliance schedule now. There are a couple of points I want to make before we get to specifically to your question. First is, remind everybody what the deadlines are. Under the current schedule, mount tabor open reservoirs are supposed to be taken offline by the end of 2015. The Washington park reservoirs are supposed to be taken offline or covered, something has to be done with them, by 2020. So what -- and this was in response to a regulation that said the drop-dead date was 2009 unless could you ask for an extension. So what the city did is ask for the extension that we're currently working under and was granted, what we call a compliance schedule. The second thing, as a matter of law, and the regulations make this clear as

May 25, 2011

have the correspondence from epa, that if the city falls off this compliance schedule, we are in violation of the safe drinking water act. It is -- and thirdly, the schedule includes not only these long-term deadlines, 2015, 2020, But it includes internal deadlines, each of those internal deadlines is also an enforceable deadline. Your next deadline is june 1st, 2011, one week from today. And on that day, you have to assure the state that you have begun construction of the powell butte reservoirs. So anything is possible in law. We can, as somebody suggested the other day, maybe some day environmental protection agency will be eliminated. Maybe there will be a change in rules. You can always ask. So, yes, the city could and can ask for an extension of time from the state. The state is now -- has interim primacy. We're always assuming the state has primacy, it does not. It has interim primacy. So as a -- just a sheer statement of possibilities, the city could ask for an extension of the deadline. Presumably if you go to an administrative agency and ask for an extension you need a justification that that agency will accept. It is our considered opinion, since have you have a deadline on january 1st,-- june 1st, that it would be inadvisable to delay approval of this contract on the assumption that between now and next wednesday you can get an extension of time. We think that would put you in serious risk of noncompliance with the safe drinking water act and we do not advise that you do that. And i'd like, a --

Adams: This is a chamber where everyone gets not only the opportunity to say what they have to say, but we actually want to facilitate and encourage free exchange of ideas and differences of opinion that. It's hard to do when people are hissing and if you like something, you can do this, if you don't, you can do that. Let's keep it to that. This is Portland.

Thatcher: And one of the reasons a significant reason that I suggest this, that one week isn't enough, is that we have reviewed carefully the proposals of the lawyers from pittsburgh hired by the water users coalition, and what they are proposing in terms of a justification for a deadline extension raises a whole series of very troubling legal practical and technical issues for the agency. Just to put the most obvious point on it, one of the reasons we would be asking for an extension of time is so we can sue the state of Oregon. That's part of the proposal. We ask for a rule change, they don't give it to us, we sue them. So if we go to the state of Oregon and ask for an extension of time, the deadline, and we say, we want you to give us an extension of time because we want you to change your rule, a rule that they believe they were legally required to adopt, and if you don't change the rule, we will -- we want enough time to sue you, and if we can beat you in court, then we want to apply for a variance that we know you think is inadvisable and illegal, It's going to take some time to persuade the agency that an extension of time for those purposes, which are the purposes laid out by the pittsburgh lawyer, is going to take time to persuade them that a deadline extension is a good idea, if we can persuade them at all. I am not saying this is how I would ask for an extension of time i'm saying this is what we have been -- we've heard as a proposal from the large water users in the pittsburgh lawyers. That's why I say cautiously that the chances you could ask even tomorrow and get a deadline extension before you're out of compliance with your regulatory obligations, doesn't seem very probable. To return to your question. That doesn't mean you couldn't ask for a deadline extension some other time, but at this last moment when we have a regulatory deadline facing us, lawyers are obvious -- automatically cautious, I really don't want the city to be in violation of federal law.

Fish: I ask the question of one of the people who testified who's very knowledgeable about this, whether any city in america has successfully petitioned the epa for a variance on this rule. The answer was no.

Thatcher: That's correct.

Fish: That's important, because then it takes me to some testimony from another person who came before us in good faith, a lawyer, who said as a back stop we should be prepared to engage in civil disobedience. I'm not prepared to recommend civil disobedience when it comes to a lawful order of the federal or state government. But what would be the consequence to the city if it defied the timetable and the rule?

May 25, 2011

Thatcher: Well, if the city is in violation of state or -- in this case state and federal law, and as you know, any agency or governmental entity has what we call prosecutorial discretion, so they can decide what to do or not, but the ultimate cudgel would be that the federal government could do one of two things. They could issue an order saying you're out of compliances, we're going to start fining you if you don't like it appeal, or if they wanted to find -- and that would be 5,000 a day, I think. They could do that by order. If they wanted to go up -- but the fines are actually \$25,000 a day. So if they want to get an order fining it's \$25,000 a day, they could sue the city and seek a fine from a court. And since we would be in clear violation of the schedule, it would be a case difficult to defend. I am aware that some folks have suggested that the massachusetts water -- regional water agency has defended a lawsuit against epa in my view that was a very different circumstance, but I - - that would be a much longer conversation. And i'm not saying I want to emphasize that automatically the city would be fined \$25,000 a day. But that is the ultimate potential. The state also has enforcement authority both injunctive and civil penalties. And finally, although this one is a little less certain in the case of the open reservoirs, under the city's wholesale contracts, the city is obligated essentially to be in compliance with federal law. We have to supply water to our customers that complies with all legal requirements. Most of the water that goes to our wholesale customers, most of the water goes to our wholesale customers, does go through any open reservoirs. Occasionally some of the open reservoir water does go to wholesale customers. Those wholesale customers would have a contract claim, you might say, if we were not in compliance with federal law.

Fish: Thank you.

Fritz: You said in your presentation the deadline is june 1st of 2011, and we have to assure the state we have begun construction of powell butte 2. But even if we approved it today, the trucks aren't going to be rolling by next week.

Thatcher: Certainly the state is going to say that you have initiated construction by approving a contract. That is our operating assumption.

Fritz: So we could consider the contract next week.

Thatcher: On june 1st?

Fritz: Yes.

Thatcher: In terms of the actual deadline, I guess if you approve it on -- I don't know. That's a good question, whether they would consider may 31st in time or june 1st.

Fritz: I guess my further question is, if we are actively in pursuit of considering alternatives, what's to say that wouldn't count as much as a good faith effort is actually being in the process of approving the contract?

Thatcher: Well, my previous comments were to say that the alternatives that are being presented to us are alternatives that are going to cause great problems for this state agency. We are going to be asking for something that violates their rules and they have told me those rules, although there are folks who think the rules are contrary to state law, the state thought they had to issue rules as they did in order to be in compliance with federal law. So what we will be presenting to the state as I understand the proposal over the large water users, we're going to be presenting the state with either a simple issue, which is they're just going to say, we won't even consider any of that, or they're going to spend a lot of time scratching their heads trying to figure out how to work through this -- what turns out to be a fairly complicated process to get to even apply for a variance, let alone expect to get a variance approved. So --

Fritz: If we applied for the variance wouldn't we be able to say the ball is in their court and after them -- it's up to them they would be delaying our compliance?

Thatcher: As I understand it, and I think the lawyers in pittsburgh understand it, the city cannot effectively apply for a variance for probably two or three years. And the reason we can't is because any effort to demonstrate the safety of the open reservoirs would be at least equal if not more difficult to the effort to apply for a variance for the bull run, and in that case there was I think david

May 25, 2011

shaff said a year and a half of negotiations over the study plan, and then there was a year of data collection and then there was six months of variance preparation. That's been about a two or three-year process.

Fritz: My final question is, and I appreciate that information, I wasn't here when the initial request to change from 2009 to 2015 for compliance, I don't believe. Why did we set 2015 as the date for compliance with the mount tabor reservoirs and 2020 with Washington park? Why didn't we choose 2020, 2025.

Thatcher: I don't know the answer to that question, i'm sorry. I have read the correspondence with epa, and they were being very clear that they expected an expeditious construction schedule to come into compliance. If we were asking for a delay, they wanted it to be a delay that they would approve, they have -- they said in correspondence, we expect this delay to be about as short as possible without you guys breaking the bank. Show us rationale for how you can justify this. But since I'm not an engineer, I did not sit down, I do not know the analysis that the water bureau and the commissioner went through in terms of coming up with those particular -- those dates.

Fritz: Thank you.

Thatcher: As its goals.

Adams: So the couple of our testifier -- folks who testified, and I appreciate their testimony and answering your questions, said that we can renegotiate the compliance schedule for any reason. And you have spoken to the issues the Pittsburgh lawyers have laid out a clear alternative to pursue already, I want you to -- I think you spoke to it, but I want you to answer that directly, that we can renegotiate compliance for any reason based New York or on other applications for delay?

Thatcher: There's a legal matter, the person who testified is correct. That is that the regulations say you must have a schedule, and you must adhere to it. The implication is you can adjust it. And the regulations do not lay out any specific criteria on which one adjusts the schedule. So as a legal matter, it is true that there is room for argument over delays. You can go in and say you think we should delay it for this reason, and the agency could say no, that's not good enough, or they can say, yeah, that's fine. I do want to make one specific legal point, because it is about the deadline. It was a point that was raised in passing here and was made by the lawyers from pittsburgh that concerns me. The lawyers from pittsburgh suggested that the state need -- the city need not ask the state to approve a delay. We can just notify them we're late. And that it wouldn't carry consequences. That is just frankly a misreading of the law. And it is also a misreading of the very letter that they quoted for that statement. The schedule is binding on us unless it is officially approved. We can't just notify. So -- but to go back to your first question, yes, it's fair game -- you can go in and ask for a delay for any reason. I have been told that the -- that so far anyway, the state agency has said we consider reasonable justification for delay are unexpected construction delays. You can't get enough concrete, the trucks break down, you suffer a labor strike. That doesn't mean you couldn't go in and argue some other reason for a delay. And that was a point the testifier was makeing-- it is true you can raise whatever arguments you think are best.

Adams: Does doing powell butte 2, and I just want to appreciate everyone's patience in the room who are here for this issue or others, does proceeding, if we were to proceed with powell butte 2, is that like guilt by progress and obviously i'm not asking it very well, because I said it earlier and nobody knew what I was talking about --

Fish: Do we prejudice our case by moving ahead with complying with the rule while simultaneously objecting to the rule.

Adams: What my spokesperson said. That's one side of the coin, the other side of the coin, and you've already said we can ask for delay based on merit anytime in the future, and does it hurt or help us with the other water treatment issue that we want to regulatory relief fund as well?

Thatcher: To the first question, phrased artfully by commissioner Fish --

Fish: Don't say that in front of the mayor. He assigns the bureaus.

May 25, 2011

Thatcher: I understand what the mayor was saying. I don't think that asking for a delay -- that going ahead with powell butte prejudices you in asking for a delay for the rest of the schedule, if you had a good reason for asking. As a matter of fact, I heard earlier in the morning that there was some independent justifications for that reservoir in terms of the city's operations. It's certainly part lt2 schedule, but if the city were to say we have a good reason to delay even though we're involved in this construction, I don't think that makes any difference. Now, the second question is a harder one and one that I don't really feel exactly able to answer, which is, if you are pushing on for either a delay or a variance for the open reservoir part of the rule, would that compromise your efforts to get a treatment variance. I think that's a question you asked. And that is maybe linda can help, that is a -- sort of a question of psychology and politics, and not of law. And i'm not a psychologist. But I suppose you could say -- but I have heard people worry about that issue and I do not want to discount those worries. That if you have a really credible variance application for the bull run, and you are asking for a delay for a variance that the agency has made it very clear that it thinks is illegal on its face, the agency may not take your variance application as seriously. If you are in litigation with the agency trying to force a change in their rule, that also might have a psychological effect on the agency. And that's part of what the pittsburgh team has suggested, that we can sue them and change the rule. I would defer to the politicians in the room.

Linda Meng, City Attorney: I don't really have anything to add, except that I think that to the extent that we are negotiating with the agency, our demonstration of good faith in all aspects will be beneficial to our ability to continue to negotiate with the agency, because we have shown our good faith in the past and going forward. So I think we need to operate in good faith with the agency, and that could mean that we are aggressive with them, but we also need to make sure that we are approaching it in a way that gives them an opportunity and recognizes their authority.

Adams: Thank you. Appreciate it. Karla, unless there's additional council discussions, you can return to your seats. Please call the vote.

Fish: We have an entirely different audience now for the closing vote on an issue that we've been debating for weeks. And the benefit of people who have patiently waited for another agenda item I just want to let you know that what we're debating is a federal rule, long-term 2 enhanced surface water treatment rule, that has imposed on our city two requirements -- one is that we treat our pristine bull run water for something called cryptosporidium, something the tests have indicated does not exist as a problem. And the second is that we must bury or cover our reservoirs. In 2009, when we took up the treatment component of this, the water bureau presented a range of options which included a filtration plant which cost about a half billion plus or minus, and a cheaper alternative which was to treat the water with u.v. radiation. For a variety of reasons, including my belief that the science behind u.v. did the job, that the cost was significantly less, and that it had a less of a potential impact on the quality of the water, which was particularly important to our microbrewers and other industry in our community, I sided with the low cost alternative, which in terms of rate impacts, had a several hundred million dollar impact over time on rates that people pay. I said then that I believe this was regulation run amok. But I also said that I supported a dual track approach. That I believed that we had to plan to comply with the rule as required by law, despite people's protestations to us that we should engage in civil disobedience, while at the same time we should aggressively seek a variance. And that has been our approach on treatment. And there is in the main general consensus that the cryptosporidium problem does not haunt us the way it did in milwaukee, and that a one-size-fits-all regulation doesn't really work here. I believe that the city's actions with respect to treatment have received general approval in the public, and I have received communications from people across the spectrum who felt that we were approaching this in a responsible way. And very few people believe that we have sought that regulation or somehow covertly conspiring to impose a regulation to solve a problem which doesn't exist. Fast forward, today we're taking up the other side, the other piece of the rule. Which is whether we will bury or cover our reservoirs. It is my recollection that every time this has come to council since I joined

May 25, 2011

council, a majority of the council if not a super majority and possibly a five-vote majority has said that we needed to plan for the covering or the burial of the reservoir while also seeking a variance. Today we're at another juncture in this debate, and that is whether we approve the expenditure of additional public funds to begin yet another piece, the powell butte reservoir number two, phase ii, which is part of our compliance, required under a federal law, that we are simultaneously objecting to. I see no reason not to apply the same logic that I did in 2009 to the debate today. Which is the dual track approach. And under that approach, I am satisfied that the water bureau, the commissioner in charge and the director, have said unequivocally that they will seek a variance. And will use all means within their capacity to do so. But I do not believe particularly based on hearing our attorney's advice, that we have it within our power to defy the federal law pending that application. And I for one do not believe civil disobedience is called for in this case. And I can tell you some as someone who practiced law for 20 years before having the honor of this job, there were plenty of times disposal not like a ruling or a rule or a law, and I don't remember advising my client that we should defy a judge or the legislature or the decision-maker. We did not have the luxury then, I don't think the city has the luxury today. This has been a great debate. At times probably more heated than it needs to be. But let's be clear, there is not a single person on this side of the dais who invited either component of the lt2 rule. They were promulgated by congress, documented by a president, and imposed on this City. And to suggest otherwise I think is unfair and I think maligns the integrity of the people sitting up here. And frankly we can have honest disagreements on this, without our debates becoming personal and I for one am growing weary of the personal replacing the kinds of debate that I grew up with which were largely respectful, even when we had big disagreements. So because in 2009 I believed the dual tract approach was the right way to go, fight the rule, but comply with the law, I do not see a reason today to break with that, and while I urge the bureau to do everything that's possible to seek the variance, I believe we also as a city have a legal obligation to adhere to the time line. And therefore I vote aye.

Leonard: Aye.

Fritz: March 25th, 2009, I was three months into my term, my first term, and was asked to vote on an emergency ordinance and was told unless I voted yes, because in an emergency ordinance it has to be unanimous, that we would be out of compliance on april 1st with the schedule for submitting the compliance -- the plan for dealing with the regulations. And I have many times wondered if there was anything else could I have done with that. Commissioner Leonard -- commissioner Fish referred to his past practice as a lawyer. For 27 years I was a registered nurse. And I was used to following doctors' orders. But there's also the standard of what are reasonably prudent nurse would do. And that I was required to not follow the doctors' orders if something came up that then a reasonably prudent nurse would not follow those orders, and I would of course explain why I had not done it and I would document why, but I would have been found liable and negligent if I had gone ahead followed the orders regardless of my good judgment. Today i'm presented with a contract for \$18 million in which i'm told there's \$13 million in park improvements but in looking through the specs, I don't see where those are and I don't know what i'm buying. I see a line item for \$5,250,000 for site and civil improvements. I don't know what that is for. And I don't feel I can support spending the ratepayers' money on something that I don't know what it is that i'm approving to buy. And I also think that we need to have more discussion about how to proceed with the variance. No.

Adams: The only thing worse than having to bury or encapsulate our reservoirs is having to treat the pristine and wonderful bull run water. I am very concerned and -- about both. Burying or encapsulating the reservoirs, the regulations are onerous enough. I'm going to support this resolution because I believe that it's a point of purpose, predates lt2, because the commissioner has made clear he's going to pursue on all fronts regulatory relief from the state and that we have a team of what has been considered to be the best outside lawyers and very experienced inside lawyers to do that in a way that is most productive and affords us the most likelihood that we'll have the

May 25, 2011

outcome. I want to thank everyone who's testified. This is a mind numbingly complex issue that has been ongoing I think well over 35 years in various forms or another. And we've got a lot more work to do. Aye. [gavel pounded]

Adams: Thank you for your comment. We'll have a three-minute break while we have folks presenting for the neighborhood economic development. Please take your seats up front. [recess]

At 3:05 p.m., Council recessed.

At 3:11 p.m., Council reconvened.

Adams: Thank you all for your patience. Karla, please read the council item.

Item 539.

Adams: Neighborhood businesses, small businesses aren't just the backbone of Portland's economy, they're probably hip and both leg and arm bones as well. I think still over just shy of 90% of Portlanders work at businesses with 10 or less employees. When you look at our economy compared to other regional economies, we have a higher percentage of workers at very, very small businesses than most any other region city in the united states. That is a source of great vitality, great innovation, it's a source of breakthrough ideas, but city of Portland has never had a strategy to promote, help, assist neighborhood businesses. About 18, 20 months ago, 24 months ago we passed an economic development strategy to promote the exports of goods and services to more places around the country to fundamentally change our economic and address our economic vulnerabilities, to -- and today we bring in the second half of our efforts, where that starts at the neighborhood level, business level that starts at the small business level, it's going to be home-based businesses as well, where we get fully behind the small businesses that make up the bulk of who signed up for business licenses here in the city of Portland. Leading this effort has been the Portland development commission, this is not your grandmother's or grandfather's Portland development commission. This is a new development commission that solely focuses on job creation and infrastructure related to job creation and economic development. Commissioner nick Fish has started the new bureau of housing, the old days where there were two bureaus, bhcd and pdc both doing pieces of economic development and housing, those dysfunctional days are over, and city council ended that dysfunction in the first month of my tenure as mayor. So i'm pleased today and this really has been a public-private, academic nonprofit advocacy effort present the neighborhood economic development strategy for council consideration. And i'd like to recognize the Portland development commission executive director patrick quinton.

Patrick Quinton: Thank you very much. Good afternoon commissioners, and i'm also joined by kimberly schneider-branam, who is deputy director of pdc, a familiar face to you. I'm pleased to present as the mayor mentioned, the city's proposed neighborhood economic development strategy. It really does represent a radical change in how we do -- go about work can in neighborhoods. We hope that that carries across other city bureaus as well. I think previously our work in neighborhoods, while visible; it was primarily physical in nature, very much focused on urban renewal areas. Not necessarily a strategic as it could have been, I think we missed opportunities for cat let I can investment, but more importantly as the mayor mentioned our work was not strategic in terms of thinking about the job creation impact our work had, particularly for neighborhood residents. And finally, and kimberly will get into this in her presentation, I think we have been somewhat lacking in our attention to the impact of development of physical development on the neighborhoods in which we've been operating and so we probably bear some of the responsibility for some of the displacement and gentrification that has occurred In some of the neighborhoods. Recognizing that, we have looked at best practices on how we could do things differently, and then the strategy you're about to hear is a new way of doing business, it's meant to be community driven, it's meant to focus on building capacity in the neighborhoods in which we operate so that work can carry on regardless of whether the city has money to fund this work or not. And it's not entirely

May 25, 2011

geographically focused, it focuses on where the need is greatest and that can be neighborhoods, it can be communities of color, but it really is driven by what the community needs are. And last thing I want to say before turning it over to kimberly, this has been designed within the context of the economic development strategy that was adopted almost two years ago. It serves as the neighborhood jobs piece to that, and these aren't separate components. We really do depend on the traded sector job work that we do as part of the core economic development strategy to provide employment opportunities for neighborhood residents and we'll increase our efforts to make sure those connections are made and that obviously it fills in the small business development part of that strategy. So we're at the pdc we're excited about it. Our board two weeks ago endorsed this strategy for your adoption, and we are excited to present it to you today. So without further ado, here's kimberly.

Kimberly Schneider Branam, Portland Development Commission: Good afternoon, mayor Adams, commissioners. So thank you for the opportunity to speak with you today. This afternoon i'm going to provide a high level overview of the background goal research findings, strategic approach and initiatives and talk a little bit about the implementation and outcomes. I'd like to take a moment first and thank the project advisory committee, many of whom are here today who have really helped guide this work and as well as kate dean at pdc and skip newberry in the mayor's office for helping to put this strategy together. So this strategy has been developed based on quantitative and qualitative research with substantive input from our community partners as both patrick and the mayor mentioned, this builds out part of the five-year economic development strategy, and has been -- we've had a lot of public comment which I think has made this document stronger, and one of the sort of key points of this was neighborhood economic development round table at which we had 300 community members, we had national experts talk about what it means to do economic development in other cities, and to really push us in terms of thinking differently about how we do this work. So the goal of the strategy is to create economic opportunity and neighborhood vitality throughout Portland, that means increased profitability for neighborhood businesses, growth and family incomes, and net job growth in our neighborhoods. For current residents and businesses. And we can't do this alone, so this is something that we have been -- we realize pdc is going to take the housing bureau, bureau of planning and sustainability-- our community partners and many people to really make this strategy work. And so we look forward to partnering with them. So one of the questions we got often is why would you create a neighborhood economic development strategy? And we feel like the simple reason is that neighborhoods are a critical regional asset for our -- for the health of our regions. We know that they produce attract and retain our work force, the businesses meet demands for our goods and services about 64% of our businesses are in inner neighborhoods, they're large centers of employment and they hold a lot of institutional employers. We know the health of the neighborhoods is critical for our overall success. We all know for neighborhoods to succeed they need to plug into the regional economy. One of the things we talk about throughout the strategy is creating stronger connections to and competitiveness within the larger economy for each neighborhood. Some of the challenges you are very well aware of including the fact our communities of color disproportionately make lower incomes, the fact that jobs are growing on the west side and poverty is increasing on the east side. The fact that development can unintentionally accelerate gentrification pressures if we're not careful and the fact that neighborhoods are strained by rapid low-income population growths. These are some of the challenges that we were aware of and that have informed strategy and when we look at individual neighborhoods, this will inform the kinds of steps we take within each neighborhood. In determining whether we have the right tools address these challenges, we found that Portland has strength not surprisingly in planning and community organizing and small business resources and revitalization tools within urban renewal areas. But we did also find we lacked strategic focus and coordination, that we have limited investment tools and that we have insufficient community and nonprofit capacity. One of our tools

May 25, 2011

is tax increment financing, which covers 15% of the city, it's a robust tool that but it only covers 15% and doesn't account for some of the business needs that we have. So the strategy is designed around three actions. The first is to build local capacity to achieve economic development outcomes. The second is to drive neighborhood business growth and the third is to align and coordinate resources to support this work. To reach this objective, we know that the best approach is a community driven approach. And this is really a fundamental rethinking of how we're going to do this work together. This entails a new model of community partnership to guide and implement the work, and to create market driven asset-based neighborhood economic development plans. And consistent with this approach we'll be creating a neighborhood economic development leadership group to guide this work at a citywide level as well as encouraging the creation of community partnerships at each level to put -- to make this work happen. And consistent with the challenges that we've addressed when prioritizing areas geographically, we will be looking at those increased poverty, experiencing gentrification pressures or facing substantial change and those whose businesses risk losing ground to big box competitors. Similarly our citywide initiatives will continue to be important, we want to make sure equity in excess is available throughout and so there will be a specific focus on communities of color and the needs there citywide. So the first body of work is building local capacity. That entails geographically specific activities such as the focus area programs for areas that need a tailored approach. Main streets and small grants to seed community specific initiatives, as well as citywide training and stronger partnerships with bodies like apnba. The second sort of crux of the work is the driving neighborhood business growth. This includes stronger connection between our traded sector work and neighborhood work, so from work force training to site readiness, we will be focusing on that. Investing resources to seed implementation of neighborhood economic development plans, and importantly expanding citywide financial tools and support for business assistance and catalytic development outside of urban renewal areas. And finally, and a really critical piece of this is aligning and coordinating our resources. So that's both within pdc as well as between business assistance providers, citywide, and within the city of Portland. So we're proposing the creation of a city action team to look at these items and to work closely with the housing bureau and transportation and pdc. So this final diagram looks at implementation and outcomes. The -- for the first year, for example, you can see that we're going to be establishing our neighborhood economic development leadership group, developing some programs, expanding small business technical assistance, and initiating resource development as well as hoping to sign a community benefits agreement with at least one major employer. At the end of five years, we plan to achieve 4% growth and profitability of neighborhood businesses, 3% growth in family income for communities of color, and 1% annual net job growth in Priority neighborhoods. We think those are achievable, but we -- they're also -- those are big goals, so we'll be working hard to get there. So we --

Adams: Good job on the quantifiable goals. That's great. Do we have -- if I could -- obviously stick around, council might have questions or comments. Could we have heather come up from the alliance of neighborhood business association, sheila from the interstate corridor advisory committee, nick from the rose community development corporation, and then we've got a few more. So I don't know how many members of council had an opportunity to spend time with heather or justin the chair of apnba, but he's been a fantastic partner since you and justin took power and were proceeded by gene baker. Thanks for being here and thanks for your partnership on this.

Heather Hoell: Thank you. So good afternoon again, my name is heather hail, i'm the executive director of the alliance of Portland neighborhood business association, apnba. Thank you for the opportunity to both submit a letter and speak today supporting adoption of the neighborhood economic development strategy. For 25 years apnba has supported Portland's unique neighborhood business district, which together comprise approximately 20,000 businesses and 200,000 local jobs, playing a vital role in Portland's economic prosperity. Through our partnership with the city and pdc, apnba builds the capacity of and connections between the city's business district. I'm pleased

May 25, 2011

to report a couple years ago we elected the largest board in our history bringing leaders from 30 of the city's diverse business districts together to strengthen Portland's overall -- to strengthen Portland's neighborhoods and overall economy. Since July 1st these dedicated leaders contributed 1,179 volunteer hours to building neighborhood economic development capacity. In partnership with PDC we implemented add capacity building series providing 491 hours of training to business district leaders over the last six months. APNBA provided 178 hours of one-on-one technical assistance to business district leaders. In the face of an insurance crisis, we provided critical liability coverage to ensure business district events occurred throughout 2010, and to date we've provided another subsidy to help 12% of our neighborhood business districts invest in a general liability insurance policy for the very first time. And over the last 12 months APNBA distributed 115,000 dollars in capacity building grants that leveraged an additional \$193,000 in private investment in the city's neighborhood business district. For 25 years, APNBA has facilitated neighborhood economic development throughout the city. Portland's continued investments in our neighborhood economic development efforts is truly appreciated, and we are thrilled to see PDC's new focus in this area. On behalf of APNBA's board I thank you for your support and urge you to fully invest in neighborhood economic development and adopt the strategy. Thank you.

Adams: Thank you very much.

Sheila Holden: Good afternoon. Mayor Adams, and commissioners. My name is Sheila Holden, I'm regional community manager for Pacific Power, but today I'm here as a representative for the Interstate Urban Renewal Advisory Committee. Interstate has been a very active group over the past 10 years now. Our goal was to make sure there were opportunities for existing businesses and residents in the corridor in the urban renewal areas that would be able to take advantage of the upward turn that we knew would happen as a result of declaring the zone. We have had some successes, and -- but one of the things we had not as much success as we'd hoped for was in the creation of jobs for local residents. We knew if they had jobs, they could afford to stay and as you know we've had a lot of residents who had to move out of the area over the last five to six years. The changes that are being proposed by PDC really embody a lot of the principles that we place in the Interstate Urban Renewal Advisory Plan. We are looking forward to working with PDC and the city and the other bureaus that are -- will need to coordinate some of the other services along with the housing and other aspects of job creation that are within the city itself to insure that we take advantage of public-private partnership, well coordinated services, and a true commitment to the goals that are set within the NED. The most important thing I can think of that we should have come out of this is that it remains community driven, that PDC and the city has a real determination to stay responsive and that we really take opportunity to work with the community, take advantage of some of those things that we know are working, the best practices that are already out there, that we have here, expand on those, bring in the ones we heard about during the two year process from other communities, integrate them into what we're doing so that we get the best jobs for our local residents and also for those folks who have moved on into other parts of the city and are outside the urban renewal areas. Thank you.

Adams: Thank you. You mentioned that the two years you've been a key part of making sure that we learn the lessons we need to learn on the issues of equity and well intentioned but tragic gentrification. Well intentioned improvements that resulted in gentrification. So thank you for all your efforts.

Nick Sauvie: Mayor Adams and city commissioners, I'm Nick, the executive director of Rose City Development. Builds better southeast neighborhoods through economic innovations and chair of the economic development subcommittee and I know that family wage jobs is one the highest priority there is and I've been a member of NED. Action Plan Advisory Committee and I support the adoption of the plan. PDC's research found that Portland lags when it comes to neighborhood economic development. And found that successful NED is led by community-based organizations. I think that Portland's experience in affordable housing can be applied in the neighborhood economic

May 25, 2011

development area. And the -- in the late '80s, there were thousands of vacant and abandoned houses across the city. In the '90s, the city and state and federal governments invested wisely in community capacity to solve the problem than investment paid off. There's more than 15,000 homes in Portland owned by community-based organizations. The national community development initiative, so that Portland's community development industry is the strongest in the nation. Portland can have the same impact on neighborhood economic development by investing in this community capacity along with human solutions, irco, the northeast coalition of neighborhoods communities for equitable economic development. We serve the central communities of color and neighborhoods that ned action plan aims to benefit. On a shoestring, the high road alliance partners created excellent economic development programs. And by investing in cbos and with pdc and the city bureaus we can do so much more. So I encourage you to adopt the plan and this is really an issue that's near and dear to me. 25 years ago was hired by southeast uplift as a vista volunteer to organize business organization on belmont and division and been tremendous --

Fish: He and I weren't born then, but we'll take your word on that. [laughter]

Sauvie: Great things have happened and more great things can happen in communities that really need this help.

Adams: Thank you all. I really appreciate it. We have next -- four. Andrew from the great small business advisory council and diane from the alberta main street board chair. Diane, we'll get you -- you'll be the last chair. How many people have signed up? Welcome. Welcome back.

Sokhom Tauch: Thank you. Good afternoon, mayor and commissioner. I'm the executive director of immigrant refugee. Or irco. Pdc reached out to assist in the plans, improvements. Advisory committee who pdc identified the economic for refugee and immigrants. While the economic development is a path to self-sufficiency, which is as core of our mission. In the middle 1980s, irco operates economic programs for many years that has local refugee businesses to start up and thrive. Some of these businesses are still operating today. This type of program needed to be expanded to better address the refugee. Irco understands the needs and stands ready to address them. I believe the plan offers ways to do this. I am pleased to see the plan focuses on critical economic development for communities of color and low-income. I like to share leadership with cbo and neighborhoods and lead to more inclusive grassroots plans and build the capacity. I like the plan emphasis on creating a committee for refugee and communities of color to share in the economic prosperity on growing jobs and economic development. I believe that the plan goal of creating 1500 new jobs, at least 40% for community of color, we've -- refugee and immigrant in the current economy. And the pdc effort to engage the refugee and immigrant community and look forward to partnering with pdc to make this a reality. I urge the city council to approve this plan and the implementation to successfully improve the lives of community of color and low-income residents of Portland. Thank you.

Adams: Thank you very much.

Rey Espana: Mayor Adams, commissioners, it's always a pleasure and blessing to be with you. And so today, i'm here to do a couple of things. One is to just acknowledge the support and seeing dear friends i've worked with over the years. It's great it see communities of color out here for issues of equity and advancement and diversity and the time to celebrate the audience you have. My work today really is to appreciate staff for the development of the strategy. I think it's good work and responsive. So I wanted to acknowledge the staff, patrick, kimberly, kate. Other staff who have been a part of the process. The commissioners, the consultants and community members who have spent their time trying to advise and offer input. I think it represents a real engagement in trying to deliver a -- in trying to deliver a strategy for you, hopefully, for adoption. And represents good work by many people who care. I think it affords an opportunity to move the debate from aspirations of equitable development to one of action. The work we've done, you've done, to raise the consciousness or question of equity now needs to be put in a line with action plans, plan -- to deliver and what I think are critical components of your strategy. And that's to say, that this

May 25, 2011

strategy says that people matter. That the beneficiaries of this strategy should be communities of color who we've demonstrated are adversely and unfairly treated in this community. So we need to impact people. And we have to acknowledge what events have happened to neighborhoods where some have benefited and we've seen adverse reactions in terms of gentrification and displacement and neighborhoods that have been ignored and to deliver on people and place, and importantly, it sets the tone for promise that we in the community are struggling with and that's to continue to work with our communities, who are struggling mightily and question hope. This affords a plan, a promise that resources will come of age, will be delivered and we have an opportunity to make a difference. And certainly, the framework for this is one of partnership which is being offered and i'm cynical, i'm here, saying, let's talk about it. But the partnership I envision is one where clearly the reciprocity of the partnership, all people who benefit from this can see the good will, and see the benefit. But also in it gets to the point where it's actually transformative of the systems in place, and that is, have we learned? Does a new partnership, new ways of doing things, can it provide better learners, better teachers, developers and community builders? So with that, I want to close by appreciating the time today. And i'll close with that. Thank you very much.

Adams: Thank you very much. Appreciate it.

Andy Frazier: I'm glad you got us here before the timbers game starts tonight.

Adams: It's been a long day of democracy.

Frazier: Andy frazier with the small business advisory council. I'm here to testify in favor of the neighborhood economic strategy. At our last meeting, we conducted a roll call vote and the members did support this plan. We're ultimately in support of the general strategy, specifically the focus on neighborhood small business development, potential reduction of fees and other costs for small business development and workforce training and business assistance training, although several issues were brought up that -- during the meeting and we're currently discussing those and we've contacted pdc and working to address and clarify these questions. Although none of which would deter us from supporting the plan and moving forward. We feel confident with the small business partners and focus on council that we can implement a strategy that contribute to the success of small business jobs and increased revenues and for the traded and non-traded companies w. That, we stand behind you on this one.

Adams: Thank you, andy, for your work. Thank you all for your patience. Three people have signed up.

Adams: Ms. Baker, welcome back. Glad you're here. You were a key early part of this transformation. Thank you.

Jean Baker: I can't tell you how tickled I am that it's going on. I'm jean baker, past president of the apnba and vice president at one of the small neighborhood business districts that may or may not be affected by this. I think the concept behind the neighborhood economic development is a big step forward for Portland small businesses and I applaud pdc's willingness to change the way it uses commercial activity within our neighborhood. This is quite a wrench in the way they've been doing business and I can only thank them for being willing to go through the pain it's going to take to rearrange themselves to do this. And expand the scope of services it hopes to offer the 85% of us not within urban renewal districts, I would like to emphasize that we're community-driven, and things we do to the community do not work as well as things we do with the community and i'm part of the business district that has an easy alliance with four business districts and four neighborhood associations and eight schools, a hospital, and numerous other community people. We already have something like this going and the support and help that we can get from people trained to do this will be immeasurable. Yes, please do this.

Adams: Thank you.

Jean DeMaster: Mayor, city councils, i'm jean, the director of human solutions, we serve 20,000 people in east Portland and strongly supports the city of Portland's five-year plan to promote neighborhood vitality in the neighborhood develop strategy. Because we serve homeless and low

May 25, 2011

income individuals in east Portland, we see first hand the results of high levels of poverty, the opposite of economic success. Our mission is to help families and individuals escape poverty and achieve self-sufficiency. But to accomplish that mission, there has to be economic opportunity. We can ensure a family or individual can escape having to live outdoors or a dangerous situation by providing shelter or housing, but in the long run, that family or individual has to be able to pay the rent and they have to have economic opportunity so they have enough money to pay the rent. We believe that families and individuals really want to be self-sufficient and independent, but can't do that unless they have economic opportunity. Human Solutions believes that the economic development plan is one that will benefit the neighborhoods and individuals in the neighborhoods. We strongly support the idea of building individual capacity for neighborhood businesses and in particular support ensuring that neighborhood business growth comes first and in supporting the development of neighborhood businesses we then secondarily support other businesses coming into the neighborhood. And finally, we support the fact that the alliance is active and recognize that neighborhoods in outer east Portland as well as people of color have not achieved the same level of parity in our -- parity in our community. We encourage you to make the economic development strategy at least one of your tools to get economic justice for all people in Portland. I commend you for assigning the resources to be able to have this plan implemented successfully and it's well grounded and thought out. Now it just has to be implemented fully.

Adams: Thank you.

Pat Wagner: Pat Wagner, Linnton and the Linnton Neighborhood -- Linnton Neighborhood Association voted at the May 4th neighborhood meeting to endorse and support the PDC Neighborhood Economic Development Strategy. A lot of neighborhoods that are perceived as not diverse, are actually very diverse. We found out about the Main Street program a couple years ago and -- I can't talk -- I can't talk and read. Main Street program. And we were so excited about it that we went and came up with the idea, we'll go around and talk to the different businesses along the strip in Linnton, there's not many. But we did. We started talking to them. The first one was Father Burrito from Kenya. And even though I go to mass there every week, I couldn't understand what he said. He couldn't understand what I was saying. And then I talked to Tom at the Arco station. He's from, I think, Pakistan -- I think it's Pakistan. But when I'm talking and ordering a coke, I understand fine. He understands me. But when I try to talk concepts, it doesn't work. I go down the list. There's India, there's Hans from Denmark. Peter, who was trained as a chef in Hong Kong. The Father from Cambodia and -- company that's closed and there's the Linnton Community Center that serves a lot of people of Latino descent. And -- anyway. Linnton is made up of small businesses that are struggling and though there's a lot of community support for the business district, like I shop there, I try to shop there only. There's a lack of technical assistance and we've done a lot to improve our community and we need some help with interpreters and different things like that. So -- and thanks to you all, we have the community center. Thank you.

Adams: Thank you, Pat. Good to see you. Karla, please call the vote. Good job, thank you for the presentation. And thanks to everyone who took time out of their busy days to come and share their reflections on this and the bureau I lead, the Portland Housing Bureau and Portland Parks & Rec look forward to working with our friends at PDC and stakeholders to put this into action. Mayor Adams, thank you for your leadership, aye.

Leonard: Aye.

Fritz: Thanks to the project sponsors and advisors, when you have a good product, you get a good -- we've passed the funding for the equity this morning but pervasively, everybody is thinking this is going to be a community effort and it's wonderful to see already a report that seeks to address the disparities and has a plan to do so. Thank you for doing so. Aye.

Adams: My thanks to the great PDC team. My thanks to all of the community partners for which this is an expression, the bureau, every member of the city council that's had bureau member, if not, the personal staff involved in this. This is time for the implementation, we're impatient and we'll

May 25, 2011

get it done. It's part of the Portland plan and about prosperous and complete and healthy neighborhoods and the key part of all of that is equity. We're determined and it's within our potential, so look forward to the work ahead. Thanks. Aye. [gavel pounded] round of applause. [applause] we'll have a five-minute break to set up for the diversity wards. So if I could impose upon those of you not part of the diversity awards, if you can do a quick switch out. [recess]

At 3:50 p.m., Council recessed.

At 3:55 p.m., Council reconvened.

Adams: City council will come back to order from recess. If you can please take a seat. If you're not here for the next council agenda item, i'd ask you to move to the foyer. Karla, please read the title for the presentation. I'd like to recognize yvonne deckard and donnie adair.

Item 540.

Yvonne Deckard, Director, Bureau of Human Resources: Good afternoon, i'm yvonne deckard, the director for the bureau of human resources. The diversity championship awards is an award that is not new to the city. We've given these awards each year. But we normally do it during our fall diversity citywide conference and -- that's now become a regional coverage and because -- conferences, and we decided the best place to honor the city recipients would be here in city council. I want to start off by giving some context for how we got here. Long ago, when I became h.r. Director, the city had an affirmative action program that we actually shared with the city -- with Multnomah county. Under the leadership -- under city leadership, the city actually developed not only an affirmative action program but a diversity development program. Council has continued to make a great commitment to those efforts. We now have -- a mandatory -- because council made it mandatory, a mandatory cultural competency certification program for all managers and supervisors in the city. We've reduced our eeo complaint from about 50 a month when I became h.r. Director to one a month today. We had a lot of work to do to get our house in order internally and we've done a lot of work towards that. Our last affirmative action plan that this council adopted actually called for diversity and affirmative action achievements that outweighed our census data. These awards and the purpose we have for these awards is to recognize bureaus, groups and individuals' work and commitment in helping the city to change its culture. And this has been a cultural change for the city. We've also been able to under council's leadership, over the time in which the city has taken cut, taken an eye and done it with a eye toward diversity to make sure we've maintained the goals we've worked so hard to make. The way we got here today, there was a committee of four, citywide, employees, who actually looked at a number of achievements from various community group, employee groups, committees and bureaus to see and to weigh out improvement that they've made in their diversity program. Every single bureau, because of your leadership, now that is has a diversity committee and that committee is dedicated to making sure that the diversity effort, hiring and how people are treated and work accomplished is actually done with the -- a with an eye and appreciation of diversity. That was one -- there was one bureau, up to recently did not actually have a committee and that was the police bureau, and mayor, under your leadership, it now has a diversity committee. Chief reese has worked closely with the interim manager in putting together programs to further their diversity efforts and their hiring and commitment to hiring and diversifying the workforce where we feel gives us the greatest gain which is face-to-face and being reflective of the communities we serve. He's worked really hard on those efforts in the police bureau has shown that in their achievements over the last year. All nominees will be given certificates of appreciation and there will be a reception after we give out the main awards to the recipients we have before you. So the awards are to look at measurable growth and improvement in the city understanding a city bureau or from a employee or group that works with the city in order to achieve our diversity goals. **Adams:** The judges?

May 25, 2011

Deckard: The judges were paul scarlett from bds, delphine Kennedy Walker from the city attorney's office, Nichole Guilfoy and captain Kevin Modica from the police bureau.

Adams: A big round of applause for our judges. [applause]

Deckard: There are actually four awards that are given in addition to the certificate. And that's a bureau diversity champion award and bureau diversity committee champion award an individual diversity champion award and new for the first time, a group diversity champions award to a community group that's worked very closely with the city in helping us achieve our diversity goals.

So at this point, I'm going to turn it over to donny and he's going to announce the recipients that you'll be awarding.

Donny Adair, Bureau of Human Resources: Good afternoon, donny adair, human resources business partner in the bureau of human resources affirmative action department. My pleasure to share the awardees and the special comments about them. For the bureau award, the police bureau was selected in recognition of its efforts to achieve its hiring goals and improve relations with diverse communities. The 2010 recruitment efforts resulted in employment of women, african american, asian-american and latino officers and resulted in a high number of women and people of color applying and successfully passing the test and ultimately several applicants being hired as police officers. The bureau continues to connect with the Portland community in several ways, including ongoing relationships with the latino network, st. Francis dining hall, african american advisory council, the arab muslim advisory council, the chief's advisory panel and the sexual minorities roundtable and creates a genuine environment that promotes honest discussion on emotionally powerful topics and continues to improve and expand its efforts and recognizes the process is continual and evolving. So i'll ask mayor Adams to present the award and ask chief mike reese and the representatives of the police to come up.

Adams: Congratulations. [applause]

Adair: The second award is the bureau diversity committee ward, which is this year goes to parks and recreation diversity development committee. The Portland park bureau was the first city bureau to form a diversity development committee and program under the city of Portland diversity development initiative adopted by the Portland city council. It's a model for others to follow. In 2010, the Portland parks and recreation diversity development committee created recruitment, hiring and retention recommendations for the bureau's hiring managers. The recommendations included unique outreach and advertisement to assist with recruitment. A comprehensive list of questions and employee engagement techniques for retention. And many of the recommendations have already been implemented and mentoring and job shadowing have increased due to the committee's retention initiative. We'll ask commissioner Fish to say a couple of words and present the bureau ward to the Portland parks and recreation diversity development committee.

Fish: I want to say how proud I am of the work of the committee. I want to thank Carolyn Quan Lee especially for her work and acknowledge that zari santner is here, who has announced her retirement. And join me in thanking her. [applause] zari, would you join with me as we present the award up front?

Adair: We would like to acknowledge and present a certificate to each member of the committee and I want to read those names and I have the certificates if you would just file by me. And we'll take a group picture up there. Carolyn, carolyn lee. [applause] the certificates are in order. I'll get to you. Pete Zoltanski, would you come up. Kathy Watson. Going to call the names. Mike Thompson, Mary Ann Takashima, Oretha Storey, Maija Spencer. Curtis scott. Curtis ross. Dean Porter. Charlie Nappi, Carolyn Quan Lee is up there. Teresa Koon. Michelle harper. Margaret evans, Jennifer Ingle, Robert Donaldson, Kristine Canham, Max Behrens -- André Ashley and Frank Arguello. Excuse me. [applause]

Adair: I'll hand these out during the reception so we can move forward. But we do have them for you.

May 25, 2011

Adams: Good job, everybody. Good job. [applause] so, mr. Adair, I didn't know we could say something before we presented the ward.

Adair: Ok. It's your agenda, you can say whatever you want, mayor.

Adams: I just want to thank the -- and acknowledge the fantastic work of the Portland police bureau over the time that i've had the honor to serve as police commissioner. The ability of the police bureau to diversify its ranks comes when there's retirements or attrition and their efforts to successfully not just talk the talk, but able to walk the walk, to successfully get applicants in and through the process is achieving a level of diversity among the applicant pool that at least I can't remember the last time when we've had as much success. To the entire leadership team and h.r. Group at the Portland police bureau, thank you for the great efforts, and onward. [applause]

Adair: I lost part of my script, that worked well, mayor. [laughter] we had two individual awards.

The committee after reviewing the 14 nominations, which is the highest in individual category in the four years of the award. They recommended two recipients to us. First let me talk a little bit about debbie caselton, she's served as chairperson of the diverse empowered employees of Portland, or deep, since 20005. 11 affinity groups were created which have supported employees in their efforts to develop their careers and eliminate bias and discrimination in workplaces. She has led the deep executive committee's efforts to bring world class speakers and trainers to the city, which has impacted thousands of city employees. Debbie as effectively interfaced with the mayor, supervising city commissioner and other members of the city council on behalf of deep of she's the leading force in developing deep's budget and managing the budget makes sure that all the actions and expenditures are documented and accountable. In sum summary, there would be no deep without debbie. [laughter] she has been inspirational and supportive to all employees of the city. Debbie had a reception, could not stay, but I believe that greg woolly from the board is here to accept the award for debbie caselton, which will be presented by commissioner Fritz.

Fritz: Before I do that, I want to say my tribute to debbie who's been an absolute joy to work with. As the supervising commissioner, all of the deep groups are valued and many have invited me to participate or visit with them and as you say, it wouldn't be happening without debbie, as evidenced by her stepping back a little bit from being the chair and coming back to make sure it does going. Thank you to everybody who steps up and work and greg, who is a invaluable partner to debbie and i'll give you her award on her behalf. [applause]

Greg Wolley, Bureau of Purchases: Obviously, i'm not debbie, so no one wants to take a picture of me, but I hope we can have [inaudible] she can be recognized properly. This is to show our appreciation of debbie. And the employees [inaudible] [laughter] [applause]

Adair: The second individual award is given to irene konev in the auditor's independent police review division. Irene worked throughout 2010 to improve community trust by developing relationship with the public and made special efforts to reach out and bridge the gap with communities and in the past have felt ignored or left out and facilitated meetings between ipr staff members and leaders of the immigrant communities speaking and listening to them in english, spanish and russian and arranged for ipr staff to meet with leaders of the african american, slavic, hispanic, native american and asian and youth and homeless and people with mettle disabilities and made presentations and connections with dozens of community organizations and instrumental in expanding the recruitment of the diverse applicants to the citizen advisory committee, which is the nine-member advisory body to ipr. Please accept this certificate in recognition of your contributions which will be presented by commissioner randy Leonard. [applause]

Adams: Good job: [applause]

Adair: Last but not least, we have a community group made up of all volunteers. These are not city employees. These are volunteers. And this is a new category, other committee or group. Because we didn't have a category and this was pointed out by our subcommittee of with the citywide diversity committee where we could nominate people from deep or our volunteer organization so we needed a category so we created a new one of other committee or group. And

May 25, 2011

this year, we want to honor the volunteers on the steering committee for colored pencils. [applause] colored pencil, art and culture night is an all-volunteer group that makes last friday -- a new vision of a new Portland by sharing international cuisine, fine arts and performing arts. They've been at venues in all parts of the city and worked with 72 artists who exhibited and sold, and performances were given by 132 individuals and groups and 14 immigrant family businesses also participated in the last fridays. Colored pencils is a community-building process, as well as an all-Portland party. While a lot of people are planning a better city, colored pencils is expressing one, just being one. [applause] i'm going to ask commissioner Fritz to give the award to colored pencils. Let me give you the list -- the names of all of the members and ask them to come up. The director is Nim Xuto. Neman Shaw, Danny Nim. Tommy Meanea. Gary Marschke, Carmen Madrid, Evelyn Liu, Frederick Henriat, Maileen Hamto, Anna Gindelsperger, Bobbie Fother, Shelley Cooms, Saforen Chang, aidan Suriga Catalani. Polo Catalani and dr. Bahar Booty, and Ob Addy. Color pencils. [applause] [applause]

Adair: Again, we'll have all of the certificates down at the reception and we'll present them out at that time. [applause]

Fritz: Like the diverse and empowered employees of Portland this colored pencils had its origins connected with the office of human relations and i've encouraged them to spread their wings and fly, and they have done so with a vengeance. I'm very proud of colored pencils. It's a true grassroots organization and not only wonderful for new Portlanders, although it certainly celebrates new Portlanders, it's good for all Portlanders and I think anybody who has been to any of their events knows the good spirit there. The love that's there, and Nim Xuto does an absolutely amazing job as the leader of the group and everybody up here has been a marvelous support. I'm very proud of colored pencils, congratulations. [applause]

Deckard: Mayor I would like to thank the council for your leadership and the employees and the various groups we have around the city. Diversity is a goal that can only be accomplished by the many and not the few. And council has definitely led the city in that direction. For our citizens that's watching, I want them to understand, the awards given today are given for growth and improvement. This is not a finished product, this is the beginning, not an end.

Adams: We'll see you at the reception. Thank you very much. We're adjourned.

At 4:17 p.m., Council adjourned.