



CITY OF
PORLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **16TH DAY OF MAY, 2012** AT 9:30 A.M.

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

Commissioner Leonard arrived at 9:45 a.m.

Commissioner Saltzman recused himself for items 537 and 538. He left the meeting at 1:06 p.m. and returned at 1:27 p.m.

At 9:57 a.m., Council recessed to convene as Portland Development Commission Budget Committee.

At 10:31 a.m., Council reconvened as the Portland City Council.

At 12:40 p.m., Council recessed.

At 1:06 p.m., Council reconvened.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Linly Rees, Deputy City Attorney; Steve Peterson, Sergeant at Arms at 9:30 a.m. and Harry Jackson, Sergeant at Arms, 1:00 p.m.

Items No. 512, 515 and 532 were pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

		Disposition:
COMMUNICATIONS		
501	Request of Shedrick J. Wilkins to address Council regarding support the day after the primary (Communication)	PLACED ON FILE
502	Request of Nicole Ruffine to address Council regarding support of Buckman SUN (Communication)	PLACED ON FILE
503	Request of Joe Walsh to address Council regarding police horses (Communication)	PLACED ON FILE
504	Request of Melissa Adams to address Council regarding domestic violence (Communication)	PLACED ON FILE

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<p>505 Request of Heather J to address Council regarding domestic violence help received through the Family Services Division of the Portland Police (Communication)</p>	<p>PLACED ON FILE</p>
<p>TIMES CERTAIN</p>	
<p>506 TIME CERTAIN: 9:30 AM – Mayor’s Message to Budget Committee (Mayor convenes Council as the Budget Committee) 15 minutes requested</p>	<p>PLACED ON FILE</p>
<p>507 TIME CERTAIN: 9:45 AM – Council to convene as Portland Development Commission Budget Committee to receive the proposed annual budget (Mayor convenes Portland Development Commission Budget Committee) 30 minutes requested</p>	<p>PLACED ON FILE</p>
<p>S-508 TIME CERTAIN: 10:15 AM – Revise residential solid waste and recycling collection rates and charges, effective July 1, 2012 (Ordinance introduced by Mayor Adams; amend Code Chapter 17.102) 1 hour requested for items 508-510</p> <p>Motion to accept substitute ordinance: Moved by Mayor Adams and seconded by Commissioner Fish. (Y-5)</p>	<p>SUBSTITUTE PASSED TO SECOND READING MAY 23, 2012 AT 2:00 PM TIME CERTAIN</p>
<p>509 Revise sewer and drainage rates and charges in accordance with the FY 2012-2013 Sewer User Rate Study (Ordinance introduced by Commissioner Saltzman)</p>	<p>SECOND READING MAY 23, 2012 AT 2:00 PM TIME CERTAIN</p>
<p>510 Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2012 to June 30, 2013 and fix an effective date (Ordinance introduced by Commissioner Leonard)</p>	<p>SECOND READING MAY 23, 2012 AT 2:00 PM TIME CERTAIN</p>
<p>CONSENT AGENDA – NO DISCUSSION</p>	
<p>Mayor Sam Adams</p>	
<p>Bureau of Police</p>	
<p>*511 Authorize application to the U.S. Department of Justice, Office of Justice Programs, National Institute of Justice for a grant in the amount of \$49,675 for the FY 2012 Paul Coverdell Forensic Science Improvement Grants Program for approved digital imaging project (Ordinance) (Y-5)</p>	<p>185314</p>
<p>*512 Accept a grant in the amount of \$100,000 from the Oregon Office of Emergency Management - Military Department FY 2011 State Homeland Security Grant Program for the implementation of state and local homeland security strategies (Ordinance)</p>	<p>CONTINUED TO MAY 30, 2012 AT 9:30 AM</p>

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*513	Accept a grant in the amount of \$186,000 and appropriate \$34,244 for FY 2011-12 from the Oregon Department of Justice and the Oregon High Intensity Drug Trafficking Areas program for Portland Interdiction efforts (Ordinance) (Y-5)	185315
*514	Authorize application to the Oregon Department of Justice Crime Victims' Services Division for a grant in the amount of \$80,000 for Crisis Team personnel expenses (Ordinance) (Y-5)	185316
Bureau of Transportation		
*515	Amend contract with Tri-State Construction, Inc. for landslide mitigation on SW Sam Jackson Park Rd to include additional emergency landslide mitigation work on nearby SW Broadway Dr (Ordinance; amend Contract No. 30002144)	REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION
*516	Accept a grant in the amount of \$1,351,800 from Oregon Department of Transportation for the design of the SE Holgate & SE Ramona: 122nd to 136th Ave Sidewalks project (Ordinance) (Y-5)	185317
*517	Amend contract with Oregon Department of Transportation grant program for the SW Harbor Dr / SW River Pkwy Intersection Improvements (Ordinance; amend Contract No. 30001448) (Y-5)	185318
518	Designate certain City property as public right-of-way and assign it to the Bureau of Transportation (Ordinance; C-10040)	PASSED TO SECOND READING MAY 23, 2012 AT 9:30 AM
Office of Management and Finance		
519	Clarify and update Administration and Distribution of Benefits Generally sections of the City Deferred Compensation Plan (Ordinance; amend Code Chapter 5.09)	PASSED TO SECOND READING MAY 23, 2012 AT 9:30 AM
Commissioner Dan Saltzman Position No. 3		
*520	Amend grant agreement with Legal Aid Services of Oregon to provide civil legal assistance at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000404) (Y-5)	185319
*521	Amend grant agreement with Native American Youth and Family Center to provide navigator/advocacy services at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000371) (Y-5)	185320

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*522	Amend grant agreement with YWCA of Greater Portland to provide navigator/advocacy services at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000375) (Y-5)	185321
*523	Amend grant agreement with Immigrant and Refugee Community Organization to provide navigator/advocacy services at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000390) (Y-5)	185322
*524	Amend grant agreement with Catholic Charities' Proyecto UNICA to provide navigator/advocacy services and to administer client assistance funds for all participants at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000391) (Y-5)	185323
*525	Amend grant agreement with Ecumenical Ministries' Russian Oregon Social Services to provide navigator/advocacy services at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000392) (Y-5)	185324
*526	Amend grant agreement with Bradley Angle to provide navigator/advocacy services at the Gateway Center for Domestic Violence Services (Ordinance; amend Contract No. 32000405) (Y-5)	185325
527	Adopt modified policies for deferred and installment payment of system development charges (Second Reading Agenda 488; amend Code Section 17.14.040) (Y-5)	185326
Bureau of Environmental Services		
528	Accept completion of Foster & Holgate Sewer Replacement Project and authorize final payment to Emery & Sons Construction, Inc. Project No. E10014 (Report; Contract No. 30001292) (Y-5)	ACCEPTED
Office for Community Technology		
529	Extend term of a franchise granted to Lewis and Clark College to construct, operate and maintain a telecommunications system (Ordinance; amend Ordinance No. 176383)	PASSED TO SECOND READING MAY 23, 2012 AT 9:30 AM
530	Extend term of a telecommunications franchise granted to Tyco Networks and subsequently transferred to VSNL Telecommunications (US), Inc., to build and operate telecommunication facilities within City streets (Ordinance; amend Ordinance No. 176503)	PASSED TO SECOND READING MAY 23, 2012 AT 9:30 AM

**Commissioner Randy Leonard
Position No. 4**

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Water Bureau

<p>531 Clarify duties and responsibilities of the Water Bureau Administrator and ratify existing lease agreements (Ordinance; amend Code Chapter 21.12)</p>	<p>PASSED TO SECOND READING MAY 23, 2012 AT 9:30 AM</p>
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<p>532 Authorize the Water Bureau to acquire a conservation easement and an access easement on property owned by Catholic Youth Organization/Camp Howard (Ordinance)</p>	<p>REFERRED TO COMMISSIONER OF PUBLIC SAFETY</p>
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REGULAR AGENDA

Mayor Sam Adams

Bureau of Police

<p>*533 Authorize application to the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance for a grant in the amount of \$502,012 for the Edward Byrne Memorial Justice Assistance Grant Program FY 2012 Local Solicitation to prevent or reduce crime and violence (Ordinance) 10 minutes requested for items 533-535</p> <p>(Y-5)</p>	<p>185329</p>
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<p>*534 Authorize an Intergovernmental Agreement with the City of Gresham for the use of U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance FY 2012 Edward Byrne Memorial Justice Assistance Grant Program funds to obligate agency roles and responsibilities (Ordinance)</p> <p>(Y-5)</p>	<p>185330</p>
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<p>*535 Authorize an Intergovernmental Agreement with Multnomah County for the use of U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance FY 2012 Edward Byrne Memorial Justice Assistance Grant Program funds to obligate agency roles and responsibilities (Ordinance)</p> <p>(Y-5)</p>	<p>185331</p>
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Bureau of Transportation

<p>536 Revise transportation fees, rates and charges for FY2012-2013 and fix an effective date; allow for the disposition of asphalt, concrete, rock, dirt and leaves and establish rate setting authority; and amend City-owned parking garages rules of conduct and establish rate setting authority. (Ordinance; add Code Sections 17.40.050 and 17.40.060; amend Code Section 16.20.900 and add 16.20.920) 10 minutes requested</p>	<p>PASSED TO SECOND READING MAY 23, 2012 AT 2:00 PM TIME CERTAIN</p>
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Portland Development Commission

<p>537 Approve the Education Urban Renewal Plan (Previous Agenda 496) 15 minutes requested for items 537 and 538 (Y-3; N-1 Fritz; Saltzman recused)</p>	<p>185327</p>
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<p>538 Authorize Intergovernmental Agreement with the Portland Development Commission, Multnomah County and Portland State University to fund a development for co-location within the Education Urban Renewal Area (Previous Agenda 497)</p> <p>(Y-3; N-1 Fritz; Saltzman recused)</p>	185328
<p>City Auditor LaVonne Griffin-Valade</p> <p>*539 Authorize contract with Moss Adams, LLP in the amount of \$1,745,842 for financial and federal compliance audits of the statements for the three fiscal years 2011-12 through 2013-14 and other professional services (Ordinance; Contract No. 30002662) 10 minutes requested</p> <p>(Y-5)</p>	185332

At 1:51 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **16TH DAY OF MAY, 2012** AT 2:00 P.M.

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

Commissioner Leonard arrived at 2:08 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Roland Iparraguirre, Deputy City Attorney; and Harry Jackson, Sergeant at Arms.

The meeting recessed at 2:21 p.m. and reconvened at 2:34 p.m.

*540	TIME CERTAIN: 2:00 PM – Amend the Zoning Code to extend the expiration date for land use approvals, add expiration timeline for final plats and change the effective date of automatic adjustments to dollar thresholds (Previous Agenda 498; Ordinance introduced by Mayor Adams and Commissioner Saltzman; amend Title 33) 30 minutes requested (Y-5)	185333
541	TIME CERTAIN: 2:30 PM – Adopt City of Portland Responsible Banking Policy (Previous Agenda 499; Resolution introduced by Mayor Adams) 15 minutes requested for items 541 and 542 (Y-5)	36926
542	Adopt City of Portland Investment Policy (Previous Agenda 500; Resolution introduced by Mayor Adams) (Y-5)	36927

At 2:40 p.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland



By Karla Moore-Love
Clerk of the Council

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

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

MAY 16, 2012 9:30 AM

Adams: If I could have the – Terry and anyone else that's going to be coming forward from the craft brew alliance, please come forward and take a seat here. I'm very pleased today to make note of one of our most creative industries in Portland, the Portland area and in Oregon and one that continues to innovate and raise the bar beyond any other geographic grouping of breweries in the world, and there is no wonder that – I think a major news source recently named Beervana, which is Portland for those of you that don't know, that named Portland the beer capital of the world, and for good reason so today we are celebrating a couple of different things. One, we're celebrating an awareness month and we're also celebrating a great industry, our brewing industries so I am pleased to read the following proclamation. Whereas may marks the annual, and how do you say it correctly? Celiac, I'll start over again. Whereas may marks the annual celiac awareness month recognized by most of the organizations and research centers across the country and throughout the world, and whereas celiac disease is one of the most common chronic diseases in western countries, and whereas according to the national foundation of celiac awareness, more than 3 million americans have celiac disease and must monitor gluten intake equating to one in 133 Americans and whereas more than 95% of those suffering celiac disease are undiagnosed or misdiagnosed with other conditions, and whereas 100% gluten-free diet is the only existing treatment for celiac disease today as there is no pharmaceutical cures, and whereas Portland is home to nearly 50 craft breweries, and is leading the effort to create a gluten-free beer for those affected with gluten sensitivities and whereas the city of Portland acknowledges and applauds the efforts to declare this day in celebration of local breweries that are doing their part to bring awareness to the disease that affects many in providing beer products, especially crafted to be gluten-free for all to enjoy. Now therefore I, sam Adams, mayor of the city of Portland, Oregon, the city of roses, does hereby proclaim may 16th, 2012, to be gluten-free beer day in Portland and encourage all residents to observe this day. [applause]

Adams: Would you like to say something?

Terry Michaelson: Yes. I'd like to just say that I am pleased to be here with some of our fellow craft brewers from Harvester and Deschutes, I am terry michaelson, from craft brew alliance, which is -- has -- is one of our brands widmer, and we are happy to be here to celebrate this very first gluten-free beer day. I wanted to thank mayor Adams and the commissioners for their support of what we think is a very important day for craft, the craft brewing and the gluten-free community. As mayor Adams stated, celiac disease is one of the most common chronic diseases in the western countries, and I am certain that, most people in this room have either know somebody or personally been affected by this disease. 12 years ago I was diagnosed with celiac, and at that time, there really weren't any very good, even gluten-free food options, and there were no beer options. So I am very proud to be a part of an industry and a company that has delivered great gluten-free options, and what I'd like to do is introduce joe casey, who is responsible for our gluten-free beer, and is my new favorite brewer. [laughter]

Joe Casey: Thanks Mic. My story is very similar to Terry's in that I have a personal connection with celiac disease. As my wife was diagnosed a number of years ago. And finding a great beer that satisfies both professional interests, as well as personal interests has been a challenge. We appreciate the fact that we're making this proclamation today for craft beer week, inside of celiac

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awareness month, and we are real excited to have this product out there, and to offer consumers more choice. Ryan might have something to say, as well?

Ryan ?: Yeah, I'm Ryan Schmiggy? assistant brew master with deschutes, and very proud to be here today. We've been brewing gluten-free beers for about seven years now. We're on our 48th recipe, and these are difficult products to make. We offer a variety of styles, and we're just, we're very proud to keep working on these products, and be able to offer gluten-free alternatives for beer for celiacs.

John Dugan: And I am john dugan, and this is james newmeister and we're with harvester brewing. We are a new brewery in southeast Portland, just a little company.

Adams: That's good.

Dugan: We are a dedicated gluten-free brewery so all we make are gluten-free beers, and one of the primary barley replacements we use are chestnuts from the willamette valley.

Adams: Oh.

Dugan: And we think that we have a great product, and we are happy to share it with the underserved people that have gluten issues within the craft beer community.

Adams: Fantastic. Congratulations.

Dugan: Thank you.

Adams: So what's that in your hand?

Casey: This is a gluten-free beer. This is a mission, this is pale ale. There is a mission lager as well. And these are the craft beers that terry and I represent. And these recently came on the market here in Oregon about a month ago.

Adams: Okay, well again, congratulations. [applause]

Adams: The city council will now come to order. Good morning, Karla how are you?

Moore-Love: Good morning. I am fine.

Adams: Beautiful morning out there, isn't it?

Moore-Love: It is.

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

Adams: We'll begin with communications; can you please read the title for item number 501?

Item 501.

Fish: Go ahead. You have -- all we need is your name and you have three minutes.

Shedrick J. Wilkins: Well I am shedrick wilkins, and my view of kind of like the election is that Oregon needs to move in the direction and be more like california, which is more sunny. It's a nice sunny day to say this, and in the last six years I think Oregon and Portland have tried to be more like Washington state and I see Washington -- I remember in 1966 when I was ten, they stopped a tole on the interstate bridge, and my father drove across the bridge at 60 miles per hour, and stuff like that, but, some of this use of energy like that, and Boeing makes planes that go 400 miles per hour, I think that era has kind of ended. And I see when I was ten, I also went out to my -- at hillsboro, my uncle was a -- had a combine, a wheat combine that went ten miles per hour. And this is where your food comes from. So, I'm just trying to say something that my view, is maybe we should really sever our ties with Washington state, if Washington state keeps insisting on high-speed travel, and we need to look forward to california and the fact that Oregon and california grow food. And agriculture and -- farm equipment only needs to go 10 miles per hour. And I like these little trolleys, they go 10 miles per hour. And like I said, I think the era of high-speed travel is kind of coming to an end in this century. And that's just my take on the election. I don't know, really, if we need a new interstate bridge. Maybe we should spend the money on education.

Adams: Thank you. Can you please read the title for item number 502?

Item 502.

Adams: Nicole? Alright, could you please read the title for 503?

Item 503.

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Fish: Mayor I should probably just observe that in your proposed budget, there is now anticipated cut to the Buckman Sun school program. So while the person's not here to testify, if they're watching, that is not currently proposed slated for a reduction.

Adams: Alright. Mr. Walsh.

Joe Walsh: Good morning Mr. Mayor and members of the council. I am once again speaking for individuals for justice and the Oregon progressive party. I come today to suggest a simple thing. And that is the retirement of the police horses. It has come to our attention that you continue to support the police departments efforts to use these wonderful animals in a way that places our citizens and the horses in danger. From videos that are available on the internet, and I've also submitted my written document. You can see that the horses were put in great danger. And also your citizens were put in great danger. These horses were pushed into the crowds during the occupation, pinning some people, and in one picture, one of the people that ran for mayor, cameron, was pushed into a wall with the horse. I don't think that human beings should use horses as weapons. I think that is an outrage. Now, I don't expect any of you to agree with me. However, the cost to keep the horses, it is my understanding is \$585,000 a year, that's a lot of money in a city that is going broke. That is cutting human beings' jobs, affecting families. What we're suggesting is that you take time and think about retiring these wonderful animals to green pastures. Maybe working with children. They are very effective working with autistic children. They are very effective working with veterans coming back from killing human beings in far away lands. They do have a soothing effect if you give them a chance. But what we are doing, and many cities have now found, it is wrong, we are using them as weapons. To control crowds. We are saying to you, a very simple statement. Free the horses. You will hear that a lot. In the coming elections, and afterwards, we will see these horses retired. We are dedicated to it. And it will happen. Thank you.

Adams: Thank you Mr. Walsh. Can you please read the title for item number 504?

Item 504.

Adams: Melissa Adams? Hi. Welcome.

Melissa Adams: Can I make a request that the participant of my program that I'm coming here also representing be able to come up at the same time for her comfort level?

Adams: Is she Heather?

M. Adams: Yes.

Adams: Yeah, sure. Welcome.

M. Adams: Hi. Thanks to letting us come. So my name is melissa Adams, and I am a domestic violence advocate. I work for rafael house, and I am outstationed at the family services division. And I am here today because I want to thank you for protecting the funding for the family services division, and specifically, for the domestic violence reduction unit. So, I am going to speak to what many of you probably already recognize. I know a few of you, in particular, I've worked with, recognize the benefits of domestic violence survivors and police officers working together. The first benefit is more obvious I think on a day to day basis. And that is the benefit of having officer and advocate teams going out together because the role of officers is to investigate possible crimes and to establish immediate safety for the survivor. And advocates, on the other hand, work a little differently. We work simultaneously assessing the needs of the survivor, providing immediate resources and helping with long-term planning, for the survivors. We can establish longer term relationships with those survivors. So that we can assure that people are having greater potential for safety over time, or connect them with people who can provide them with that opportunity. Just as important is the relationship building that continues between officers and advocates by having us work together. On a day-to-day basis, we're getting to know each other and we're being able to understand what each other are doing, and we're building trust with each other, and the impact of that is not just directly impacting our survivors as we're going out there into the community together. But it's also having a ripple impact throughout our respective communities because when

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I go, and tell the story of officer mccully and the impact that he had on a domestic violence survivor, that said that she was not planning on doing anything, reaching out for any services to support her, in what she been through because she did not think that anybody took her seriously. And that had been her prior experience. She did not think that there were going to be any options for her. But officer McCully was there, and he talk to her, he took her seriously and indicated that he understood the patterns that she experienced in an on going in her relationship. And this had a lot of bearing on her decision then to come in and meet with us, so that we could get her connected with things that could provide her with greater safety over time. So, when i'm telling these stories to my co-workers, in the domestic violence community of advocates, then we're creating, we're feeling greater trust for those officers, and that is having a greater impact on our survivors throughout our community, so I want to thank you, and the important work that we do is we are, I am speaking on behalf of other advocates, and we're really grateful. Thank you.

Item 505.

Adams: Hi. Welcome.

Heather J.: Thank you. I am here on behalf of the rafael house of Portland. My life has greatly been impacted by the family services division of the Portland police bureau, they're advocates and resources, I made special arrangements to be here today, so I could thank you in person for protecting the funding for this office, and in particular, the domestic violence reduction unit. Being in an escalating abusive relationship for over five years myself, I know at the end of the day the services that they are providing are nothing short of life-saveing. Without these services, and my advocate, melissa, I simply wouldn't be here. Since coming in contact with her I've utilized all the resources she has connected me with, from becoming a participate at the rafael house and entering their transitional housing program, to doing yoga, art therapy, and counseling, as well. I am proud to say I am not only alive, I'm free of my abuser, and once again, working and preparing to start paying back the kindness shown to me throughout my experience. I look forward to a future with positivity, success and value, and without the DVRU, it wouldn't even be me here today. It would be somebody here on my behalf because I wouldn't have survived. Thank you for being here and thank you for the funding that will allow other people to be here in the future. I just really feel really grateful for you protecting this. It's very important.

Adams: Thank you both very much. We really appreciate your coming here to share with us.

Fritz: Thank you for taking time. [applause]

Adams: Can you please read the title -- oh, that gets us to the consent agenda. Is there any item anyone wants to discuss or pull from the consent agenda?

Leonard: I do, Karla, do you have the item number?

Moore-Love: Yes. Yours is item 532.

Leonard: 532.

Adams: 532.

Leonard: Sent back to my office.

Adams: Can you please read the title for 532, and unless there are objections, we'll send it back to commissioner Leonard's office.

Item 532.

Adams: Unless objections sent back to commissioner Leonard's office. [gavel pounded]

Adams: So done. Any other items on the consent agenda?

Moore-Love: Yes we have 512 and 515.

Adams: Can you please read the titles for 512 and 515?

Item 512, and 515.

Adams: The hills that just keep moving. Do those go under the regular agenda?

Moore-Love: 512 is being pulled for discussion and 515 being referred back to your office.

Adams: Unless there are objections, 515 is referred back to mayor sam Adams' office. [gavel pounded]

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Adams: So done. Anything else on the consent agenda? Karla, can you please call the vote on the consent agenda?

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

Adams: Aye. [gavel pounded] Consent agenda is approved. Can you -- we have a -- two time certains. Can you please read the title for item number 506?

Item 506.

Adams: All right, I am convening the budget committee for the purpose of receiving the budget message. Committee members received copies of the budget documents this morning. The announcement made, was it last week? Is the initial preview of the mayor's proposed budget. It now comes to us, in more detail. These details, they will go online as well, for download. And I am going to read every single page in it. So just relax.

Saltzman: Okay, we've got a while.

Adams: This and, sitting down at our council table, is the bureau of financial planning director, andrew scott. Welcome. And his team is available, as well. This budget is the product of months of work by the city council, community advisors and residents, our bureau staffs and the office of management and finance. The mayor's proposed budget invests in programs to help businesses create jobs to boost family income, keep people safer, and healthy, maintain the momentum of local educational reforms, by preventing deeper school teacher layoffs and lays the groundwork to provide action towards a more equal Portland as called for in the Portland plan. My budget terms overhead, administration, to better focus, better preserve front line services, and all of our programs, and our public safety bureaus -- including our public safety bureaus, housing and parks. The office of management and finance sees the largest single city bureau program reductions of 8%. We worked hard to save Portlanders money on utilities, the water bureau requested a higher rate, as did BES, and we brought them in at lower amounts. To protect the city's most vulnerable citizens and keep our safety net I am proposing 4.1 million of one-time funding for shelter services, rent assistance and housing access services. The proposed budget provides 2.3 million and new one-time economic development dollars to bring jobs to the city, invest in workforce readiness and support neighborhood businesses. Approximately 7.5 million will go to help Portland schools with 5 million going to help Portland public schools and the rest, all of it being divided up proportionately to all the school districts based on admw, and finally the office of equity budget was spared reductions which reflects the city's commitment to moving a meaningful equity agenda forward and supports the Portland plan's equity framework and the action items related to closing gaps, engagement, partner and racial issues, disparity issues, and city accountability. Again, I want to thank my city colleagues for getting us thus far to this point, and to the community, we have a budget hearing thursday, which is tomorrow, may 17th 6:30 p.m. at david douglas high school, where we will take public testimony, david douglas high school is located at 1001 southeast 135th avenue, and I look forward to seeing you there. So. Now, this is just the formal presentation?

Andrew Scott: Formal presentation.

Adams: Ok. Formal presentation --

Scott: You just need to continue the meeting until tomorrow's public hearing unless there are other questions.

Fish: Mayor I have a question if I could.

Adams: Yeah.

Fish: Andrew, is -- are there any substantive changes in the printed volume which we have that are different than what the mayor announced in his proposed -- I would say, substantive or other changes, and if there are, will we get a separate document that just highlights those?

Scott: There are just a very small number of relatively minor changes. And we can provide those to you.

Fish: Yeah.

Scott: Or I can, you know, I think there were three.

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Fish: Of course I will be going through this line-by-line comparing it to the Mayor's proposal --

Scott: Just to give you an example, I mean, I think literally, there are about three changes, you know, one of which is the city attorney, and bts, just to give you a flavor of what we're talking about, you know. They had agreed on a certain level of inter agency transaction. BTS -- the city attorney wanted to pay for a position in BTS, and the position hadn't been added earlier, and so, you know, we released on that Friday, so we added that in. We can provide you a list of those changes again, and there are only about three of them.

Fish: If you could give us a cheat sheet at your convenience that'd be great.

Scott: Absolutely.

Adams: Alright, we'll now reconvene as the city council. Can you please read the title for item number 507?

Moore-Love: That's the PDC budget committee. We'll have to change out clerks here.

Adams: Alright, we'll take a three-minute break, so we can change – I guess I give these to you.

At 9:57 a.m., Council recessed as City Council.

At 10:00 a.m., Council convened as Portland Development Commission Budget Committee.

Adams: I'm now convening the Portland Development Commission Budget Committee [gavel pounding] Budget committee members received copies of the budget yesterday, and I request that Emily swenson, hi. How are you? Do like this weather? I do like the weather. The microphone is not on.

*****: All right.

Adams: You love the weather.

Emily Swenson: I love the weather.

Adams: Ok, good to see you. Can you please call the roll for the Portland commission budget committee.

Swenson: Absolutely.

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

Adams: Here. A quorum is present, and I request that the portland development commission present the budget message.

Scott Andrews: Good morning, mayor and commissioners, I am scott andrews, chairman of the Portland development commission. With me are patrick quinton, executive director and tony barnes, financial planning supervisor. This is my fourth opportunity to present the pdc budget to council sitting as our budget committee. As you know, pdc's size and focus has changed quite a bit in the last four years. The merger of the pdc housing department with the Portland housing bureau, and the adoption of the city's economic development strategy has moved us from a housing and development agency to an economic development and jobs agency. This budget is a direct reflection of that change in direction. And we're going to have to continue to downsize. As you are going to see, in the five-year forecast, we are looking at two more years of fairly steady expenditure, followed by three years at a substantially lower level. This means we're once again going to have to reduce the size of the organization, to make sure that we are responsibly using public resources. Before I turn this over to patrick and tony, I want to acknowledge and thank our executive director patrick quinton, for his outstanding work over the last 16 months. He has remade the agency and maintained an effective and positive relationship with you city council. I also want to thank our mayor, sam, for his support, and leadership for the last four years. As I have said before, the chair of pdc could not ask for a better mayor. He truly understands the connection between family wage jobs, a healthy economy, and the tax revenue you need to provide essential city services. And finally, I want to thank all of you for sitting as our budget committee. I really appreciate our regular meetings throughout the year, the relationships that we formed, and the regular opportunity to keep you abreast about pdc projects and programs. Thank you.

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Patrick Quinton: Thank you, chair andrews. Good morning, mayor Adams, commissioners. My boss is very generous in his praise, but I think we all know that the change in direction that has occurred over the past three or four years has all happened under chair andrew's leadership so Chair Andrew's deserves much of the credit, as well, so thank you for your leadership. So I am going to provide a high level overview of our proposed budget, and then we are, obviously here to answer questions. Tony is our budget officer, and so is the person you actually want to be asking the questions to, so he's up here to help us with questions. So the first thing is just, as we do, within pdc is to always think about the policy, or the strategic context for our budget, and we really do view our budget as the tool to implement the strategies that this council has adopted, and that now made their way into pdc's strategic plan, obviously, the economic development strategy is the guiding strategy, and has been our guiding strategy for the past three years, we've added additional strategies, including the neighborhood of economic development strategy to fill out the economic development strategy, but really, it's been, it's been an annual process for us to take what was, a budget that was focused primarily on a redevelopment mission, and year by year transition it to be a budget that can implement an economic development vision, and we think that this budget gets us as close as we have ever been to that, to achieving that vision. The budget, itself, \$162 million, budget, you can see how it's distributed, of course, we have the housing set-aside dollars shown there, I just want to, for the sake of clarification, the 30% set aside is a cumulative, calculation, so on an annual basis, it wont always be exactly 30. Some years it'll be higher and some years it'll be lower, so that's why the number is 26% this year, but you see, the way that we are trying to over time, distribute our expenditure of funds and the business development category, has grown substantially over the past few years, but as I will get into later on in the presentation, even the dollars that we spend on property redevelopment, are increasingly focused on our economic development mission, so we have another level of detail on our budget, and I don't want to spend a ton of time walking through numbers, but you can see that on the business development side, the major categories of expenditure are lending programs, the cluster development programs that we've been operating now under, as you all know, under our four clusters, and we've been able to strategically move our different pots of money to focus on our four industries, and then, of course, our small business and entrepreneurship work, and that's a combination of the money that we put out, for small businesses throughout the city. But with a strong focus on neighborhood small businesses, as well as our entrepreneurship programs. On the infrastructure side, the budget this year is really dominated by our \$10 million investment in the Portland milwaukie light rail lines, that's \$10 million that will be coming out of the north macadam URA, but there is other transportation investments, primarily in our neighborhood Uras are being made, as well as a number of investments in parks, most notably, fields park, which is proceeding in the river district. That's the largest line item in that category. We continue to invest significant dollars in our redevelopment programs. Most of these go out either in the form of direct investments in projects or through loans and grants, so this includes loans for larger commercial redevelopment projects, as well as our extremely popular storefront program, and other direct grant programs. And then lastly you could see the breakdown on our administration, line items, and as the chair mentioned, and I have a slide later on, which shows you, the five-year horizon for how we're bringing down our administrative costs, but we have over the past, you know, every couple of years we've really been forced to make reductions in our administrative operation, to match our resource base. And then the other point of showing the budget this way is because of phb and how they take the dollars now, we really do run a \$120 million budget this year as opposed to \$162 million budget. Those dollars that are dedicated for housing, move over to phb, they direct how they are spent, they administer how they're spent, so we really think of our budget as, the smaller number. So instead of going through an urban renewal area by urban renewal area budget, we really want to talk about our three major strategic areas. Business and industry, is the division within pdc, but it's really our business development activities, and then i'll talk about our essential city redevelopment activities and our neighborhood activities,

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and this is a kind of programmatic view of how we plan to spend our dollars. And it's a combination of both the tax increment financing dollars that we have, as well as the general fund budget that is in the mayor's proposed budget. But once again, you can see that the dollars dedicated to our cluster initiatives, a range of programs that I think you are familiar with, including our supply chain, our e-zone work, our assistance in manufacturing, and then we do like to maintain across our urban renewal areas, dollars that are best characterized as opportunity funds for recruitments, strategic recruitments that happen, and then that -- this also covers the staffing costs, as well, for that. We have a business finance program. We continue to use general fund dollars for the implementation of the export initiative which is really the main thrust of our international development programs. And then you can see our ongoing support for the entrepreneurship agenda. Which, includes, an additional investment in the Portland seed fund, which has been so successful to date in getting new startups launched and leveraging the significant private investment.

Saltzman: Can I ask a question?

Quinton: Yeah, sure.

Saltzman: So the cluster development total you are showing us here of \$3.35 million is different from what you showed us on the previous screen, where it was like \$5.35 million.

Quinton: So what that, so that's a --

Saltzman: Is that industry development, it looks like -- or \$6.2 million?

Quinton: So, these are bigger, so within this, category, we include both staffing as well as financial assistance, and this is -- I don't know Tony if we can break that down, the difference in that?

Saltzman: Well if you could just explain why the two numbers are different, I mean this --

Tony Barnes: Yeah. Commissioner, the difference includes -- where there is business development activities that go across different organizational units at pdc, this is an appropriation view versus where we have specific business and industry, more of an organizational perspective. So, some of the cluster activities here under business development, under the appropriation, would be included within, I believe, the neighborhood and central city slides that we're going to get to in a few moments.

Saltzman: Ok. Ok. Thanks.

Quinton: So the next category is our central city division. And the projects that are carried out there, the left column really is the work that is most closely aligned with our economic development work, so the innovation, entrepreneurship, the sites that we are working on that we consider to be strategic sites for business recruitment and business expansion, as well as the cluster activities as tony mentioned, the cluster activities that are carried out by the central city division. So, it includes activities like our work in central east side, around our entrepreneurship district, the work that we're doing in burnside bridge head, which is very much aligned with our cluster work, and then you can look down and see centennial mills post office, those are all redevelopment projects that we believe, have a significant tie to our economic development objectives. On the right column, is more the core of the our redevelopment work, it includes the leadership, the urban innovation leadership projects that we continue to advance, sustainability center, eco-districts, we really believe those are the kind of next generation projects that we need to undertake to maintain our leadership, and then the biggest category of expenditure is really, the signature projects that we view as regional assets, and so they include significant investments in the veteran's memorial coliseum, obviously, the light rail investment is shown here, fields park, but you can see that the list of projects there, these are -- they are not specific to any cluster. They really -- they are kind of more of our more traditional mission of making investments and catalytic projects that really have an impact for the city and the region. And then on the neighborhood front, the upper half of this list is, really refers to the -- kind of redevelopment and revitalization work that we do in our three neighborhood urban renewal areas. It includes the redevelopment grants, and redevelopment loans that we continue to provide in each of those urban renewal areas. It includes some of the strategic sites that we own within our urban

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renewal areas in the neighborhoods, and the work that we're doing on those, and then the infrastructure investments, and in the lower half, is really a reflection of our neighborhood economic development strategy work and our focus on commercial corridors, so that includes the existing Portland main streets, our new -- six new npi districts, and then includes the city-wide small business assistance that we provide both through our website, the small business technical assistance grants that we – that we've recently provided to five groups of organizations, our support for venture Portland, and then lastly, we have the eoi program which is funded by cdbg grants, and includes the adult and youth workforce components as well as microenterprise components. So those are the three --

Saltzman: Could I ask a question?

Quinton: Yeah, sure.

Saltzman: Under strategic commercial redevelopment you have the nelsen site. What is the nelsen site?

Quinton: The Nelson site is a property that – in kenton that we purchased. It's a -- it's, actually, a number of parcels that include both industrial space, as well as -- the site actually goes up to denver and so it has potential retail site and it's across from a site that tri-met owns, so it has redevelopment potential for a number of uses, and so we purchased that site last year, and we're making some investments in that site, and then we're – hope to both lease it up and explore redevelopment opportunities there.

Saltzman: Ok. Thanks.

Adams: Then just for the record, I own property across the street from that and have had no dealings no input into your decision-making in Kenton.

Quinton: Right. So I wanted just to take an opportunity and double back and just take another quick look at our, the general fund requests that are in the mayor's proposed budget. The – so these dollars have been included in what you've just seen, but I just wanted to break that out again, the overall request is a \$4.9 million general fund request. It represents an \$840,000 reduction from last year. However, we have -- because of our opportunity to carry over dollars for programs that we can implement next year, we're able to actually have a proposed 12-13 budget that is equal to what we proposed last year so we, basically, have the -- savings are occurring this fiscal year, and the dollars will be spent next year. So I just want to take a moment before I finish up just to talk about our forecast, I think, we've shared a version of this graph with each of you, in the past and you know, we are well aware of the long-term resource picture for the Portland development commission. It's -- our resources have primarily been driven by tax increment financing and the districts that we currently have in place will expire within the next 12 years. That means that within that period -- that's the remaining period left to issue new debt, in each of those districts. So we are in the process of creating a business plan that will try and propose a new diverse resource base for the agency. But what it means is that we actually have to think about how we manage the organization through this period of declining resources. And the bulk of the resources that are available to us, are projected to be spent in the next five years, and so I wanted just to give you a quick highlight of our five-year forecast, which is about \$570 million. We show you here the breakout in terms of the source of these funds, but, most of this is primarily tif, it's either tif that will come from new debt, tif that will be carried over from previous budgets, income and loan collections that primarily relate, once again to tif investments and then obviously some on going intergovernmental revenue which is general fund. So we will continue to have primarily a tif-driven budget over the next five years, and I think one of the conversations that we'll have with council over the next few years is how do we -- what's the right way to spend these dollars given our long-term resource picture in a way that, actually, derives the most benefit to the city but also, hopefully positions pdc for longer term financial stability. The forecast includes that they kind of proposed distribution of those funds, our goal would be to continue to increase our investments and -- in the areas of business development, as well as property redevelopment, we anticipate that

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infrastructure investments will decline primarily because there's been a handful of really large infrastructure investments that have been working their way through our budgets over the past few years, including streetcar and light rail, and so this will naturally decline and then, of course the housing dollars will continue to flow to housing, the – as I mentioned, getting the housing dollars, that are forecasted lower than the 30% because of the significant investments that have been made, to date, in affordable housing, including large projects like Bud Clark commons and others. But the housing policy still applies in terms of new resources. And then the last thing I just want to talk about, which gets back to the chair's point, is I know as you look at our declining budget and people look at the administrative expenses associated with pdc and it's even come up in the conversation around a new urban renewal area. We just wanted to give a picture of what our current plans are for the next five years around both staffing and overhead, and our plan is to get to a 30% reduction in our overhead for the next five years, we feel like we can hold the current operation steady, over the next two years, we just had a reduction in force last year so in terms of stability, in the organization, we feel it's best to maintain that organizational scale for now, but then, two years out, the beginning of fiscal year 14-15, we would initiate another reduction in force that would reduce the organization and then, I think over the last two years, of the forecast, we would determine how to get the additional 10%, but we have -- we're trying to make this public and pro active so that everybody is aware of our plans. Staff has very much appreciated that we have made this, you know, that we have made this announcement up front. It's obviously not something that they look forward to, but it certainly gives everybody a chance to plan around how the organization deals with that. We believe that maybe between five and seven years we can stabilize the organization at a particular -- at a level that then matches where we think future resources will come from, and then that would be the ongoing size of the organization going forward. So, with that, we're happy to answer any questions about both our current budget and the – and our forecast.

Saltzman: Thank you. Patrick. So I saw in the -- your proposal, there is \$2.2 million for centennial mills this year. I mean, what's going on with centennial mills? I haven't heard much about it lately. I --

Quinton: So, there is the dollars that are in there represent the specific work that still needs to happen in the short-term around the project so tony's -- can answer that question. But I just want to give you -- the bigger picture is we have actually -- the mayor and chair andrews last year, made a public request for proposals for the -- for that site, and we actually received a number of responses, and we are down to, actually two proposals that we are considering, and we have asked for additional information. So we believe we have the opportunity to engage with a development partner that will begin a process of renovating that facility. Under a different, I think, a different scenario than we had originally with the previous developer.

Saltzman: So that 2.2 – is to go towards, perhaps a partnership or does it actually go to infrastructure related at centennial mills?

Quinton: The near term work, which -- I think they're still uncertain about whether it will actually happen in next fiscal year, but we have to budget it, is related to the, to the move of the horse barn. So that's always been a step one to redevelop centennial mills is that we have to move the npu facility, and so we have always had that money, and out of the overall centennial mills budget, we have always had a portion dedicated for that.

Saltzman: And then my second question was on your general fund amount, you are carrying over \$840,000 from the current fiscal year, to the next fiscal year --

Quinton: Yes.

Saltzman: And I understand a lot of that was cluster industry money, that's being carried forward?

Quinton: It's really largely focused on our – first off, the small business working capital, it's been a very difficult environment to get small business loans out of banks, we've been talking with our bank partners and they have been having difficulty making loans, so we would like another year to

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work on getting that money out. Then there's the cluster funds, which represents, I think, roughly maybe 15% of the overall cluster budget, these are initiatives that sometimes take longer than 12 months to implement so, there is money there that we feel like we can better use in the next fiscal year, and then the small business technical assistance dollars that city council gave us last year, that we have allocated for the five organizations. It's just, you know, we had an RFP, we got them up in place, but they have really only had about six months to get the money out, so we're, to make use of money so we would like, you know, to give them a little bit longer time to use that money, so those are the three major categories of carryover dollars.

Saltzman: Ok. Thank you.

Adams: Commissioner Fish.

Fish: Thank you Mayor Adams. I don't know how many meetings we had in the last week, scott, but at some point, you asked whether the city would offer you office space as partial compensation for your service, and that's probably the least we could do. I appreciate the detailed briefings that each of us received in our offices and the chance to address questions we had on specific items in the budget, and seek clarification. There is two changes you have agreed to. I want to just highlight, and there's a thank you I want to add. Let's start with the thank you. We heard from lots of people in east Portland, including the east Portland action plan, the Leach botanical gardens board, lenses ura and others, making a strong case for continued investment in the capital side of leach botanical garden. Chair andrews, you and member Molis scheduled a trip and actually did a site visit and asked some tough questions and then sought follow-up information from the board. The proposed budget reinstates \$1.1 million of investment over the next two years to help them leverage their master plan, which the council has previously adopted. With the understanding that that will in turn leverage other private investment and create a destination place in east Portland. So, I wanted to particularly thank you, scott, for the time you spent, familiarizing yourself with the ask, the tough questions you ask, and from my vantage point they are a better organization for having gone through that process.

Andrews: Well, thank you, commissioner. This year, in particular, as you took a look at our budget, we really, in the draft budget, looked at all of the projects that were in line, and especially, those that were conceived in what I would call the old economy. And in this case, I think the process worked. I really appreciated the way that the neighborhood and the leach board handled it. What we are really looking for was the justification for making that large investment in that park. And as we went through this process, we found that there was a good justification. That there will be a lot of leverage. There will be a lot of private donations that will come in as part on top of the \$1.1 million that we're putting into it, and that there was a really good business plan behind this that would drive a lot more visitors to the botanical garden, which would mean a lot more visitors to the neighborhood. So, I know the board reached out to the business community. And the feedback that I have gotten is, although we scared them to death, at the end of the day, the process worked, and they are going to have a better project for it, and the city will have a better Leach botanical garden for it. So I appreciate that.

Fish: Again I want to tip my hat to you because of the personal time you spent and your leadership in bringing this about. So thank you. Second, I want to thank you for your agreement to increase the appropriation for clean slate. This is a program that we all care about, commissioner Leonard and I particularly, because clean slate which the district attorney and roy jay helped to launch, gives people a second chance, and when we give people a second-chance in our community, they can do things like obtain employment, and find housing, which otherwise they would be prevented from having because of something that shows up on their criminal record. So, I appreciate very much your commitment to supplement the initial recommendation to bump them up to \$50,000. And likewise, I appreciate your willingness to reinstate -- over the next two years, in interstate, the small grants parks features grant, \$50,000 a year for two years. In the last couple years we have taken a lot of capitol dollars out of the budget for parks. But these are -- while small in dollars, are hugely

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popular within the community because they allow them to direct those dollars to community projects that have been selected by the community. So, I appreciate your willingness to put the \$100,000 back, in and as always, you have a very tough, very tough job in balancing this budget, and in working with the five of us, and your board, and the community, but I think you do a very artful job so thank you.

Quinton: Well thank you. And I think the parks' line item in interstate is kind of a similar process that is with leach. They came and spoke to our board as well, and expressed their – you know, plans for that, so I think that also helped convince us to restore dollars in those -- in that line item. So thanks.

Adams: Additional council discussion? There'll be obviously more time for discussion and public comments tomorrow afternoon or tomorrow evening, as well, at david douglas high school at 6:30 p.m., which is located at 1001 southeast 135th. We look forward to seeing you all there. And I close the pdc budget initial, or I can -- I recess the pdc budget hearing until tomorrow evening. [gavel pounded]

Adams: All right. That gets us to – thank you. We're going to take a – 508, 9, 10 and 11 are all together. So let's do – yeah, lets do -- we're going to take a five-minute compassion break and we'll come back and do 508, 9 and 10.

At 10:25 a.m., Council recessed as the Portland Development Commission Budget Committee.

At 10:31 a.m., Council reconvened as the Portland City Council.

Adams: [gavel pounded] Alright, the city council will come back from recess, karla we're going to take testimony and hear – we'll hear the, if it's ok with council I would like to hear all the rate proposals, and then I will take testimony en masse on anybody that wants to talk about any of them. So can you please read the title for non emergency ordinances 508, 509, 510, they're all related to rates.

Item 508. Item 509. Item 510.

Adams: And then also item number 536.

Item 536.

Adams: All right, let's begin with staff presentation, on solid waste and recycling.

Susan Anderson, Director, Bureau of Planning and Sustainability: Good morning, susan anderson, director of the bureau of planning and sustainable, and with me today here is bruce walker, solid waste manager. We're here to discuss the solid waste rates, to provide context, I want to provide just a very brief overview of our new collection system. The new program began on october 31st. And the new system has three components, first families can now compost their food with their yard debris, this is collected every week in the green carts. Second, recycling continues to be picked up every week in the blue cart. With glass going in the yellow bin, and third, garbage is now collected every other week. The goals of this new system are to reduce garbage going to the landfill, create compost a valuable commodity, and to increase the overall recycling rate. So, how did we do? The results have been amazing. There has been a 44% reduction in garbage.

Portlanders --

Saltzman: Lost your video. Or your power point.

Adams: It's too good of a slide not to keep up there.

Anderson: There you go. So, we did comparisons of january through march of this year, versus last year. And there is a reduction in garbage of 44%. So Portlanders are composting. They are putting food in their yard debris, and they are recycling more. And to get us to this point, we have done a tremendous amount of outreach and engagement. We have added temporary customer service staff, extended our hours to evening and weekends. We had 10,000 calls over the first two months but those are now down back to normal levels. The top reasons for calling the hotline were to request schedule information, also to request a kitchen compost pail or to ask specific questions

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about what goes in the green cart. To ensure that people were feeling comfortable with the new system, we enlisted more than 100 volunteers. They were out in the neighborhoods and had one-on-one conversations during April, we're continuing that through May, and we've reached 14,000 households. We're also going to dozens of fairs and community events to provide additional assistance and be available to answer questions. We also have developed a new web tool, how many of you have this on your, hopefully it's on your phone or your email. You can enter your address and your collection schedule will pop up so you can know what days are your garbage days and which ones are your recycling compost only. You can also sign up for an email reminder or you can do like I did, and sign your kids up for the email reminder, and then they have no excuse for not taking the carts down to the curb. So, it's important to note that the drop in residential garbage is unprecedented. The tonnage has always been around 22, 23,000 tons per quarter, and you can see that the drop since the program started has been substantial. The second to last bar on the right includes one month of the old system, October and two months of the new system, November and December. And the last bar then shows January through March, a complete quarter with the new system. Weekly pickup of the green carts, and compost has also been amazingly successful. Compared to last year, we are on track to triple the tonnage so we estimate close to 90,000 tons of compost, food and yard debris together for 2012. So we're six months into the program we will continue to monitor the results and will get back to you with more information in the fall, with more complete data. So now let me turn to residential rates, the proposed rate increase for next fiscal year is 4.2%, for the average customer, or about \$1.20 per month. The average customer uses a 32-gallon can or a 32 to 38 gallon roll cart. This chart here shows the rates for each service level. The first six rows all receive every other week garbage collection, and range from \$24.85 to \$43.80, depending on size of the container, from the 20-gallon mini can to a 90-gallon roll cart. The next two rows show rates for those households that choose to get garbage service just once every four weeks, and the last row is for families that choose to have no garbage service just recycling and composting. And for those households, and really for any of us, you can put out an extra can, you know, just once in a while, or an extra bag for \$5.

Saltzman: These are monthly rates?

Anderson: These are monthly rates. The next slide shows the effect, the factors that affect cost of service. The first one there is fuel and labor cost. Those are forecasted to go up 60 cents per household per month. Investments in new tracts add an additional 90 cents, lower revenue from the sales of recycling adds 37 cents, what a lot of people don't understand is that the haulers, actually sell the recyclables and the value of those materials is deducted from the cost of service. So the value of the recyclables goes up and down. And it's kind of dependent on world markets which can be very volatile. In recent years the sale of recycled materials by the haulers, has lowered rates by about \$1.10 per household per month. Next year, world markets are forecasted to drop, and it will affect it with a 37-cent increase. Another cost is that metro's tipping fee, at the landfill has gone up, and that adds 12 cents to monthly bills so those are all the increase in costs. They add up to \$1.99. On the other side of the scale, improvements in efficiencies from the new collection system have actually lowered overall operating costs by 79 cents per month. An example of lower cost is that when you take the food waste and composting, to tip that, that is a lower tipping fee than it is to tip garbage at metro.

Adams: So let me just make sure I understood that. So the new program of every week curbside composting every week recycling, and every other week garbage pickup, has actually saved the overall program money, and therefore, reduced the increase necessary to keep the overall garbage collection system going.

Anderson: Yes. So, it would have been \$1.99 increase, and efficiencies are related to tipping fees difference. And also, efficiencies in terms of labor a little bit.

Adams: Ok.

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Fritz: So Mayor, may I just ask a couple questions on the table? If the recyclables have gone up three times, what's there -- even though they are getting less in revenue, than was projected, they're still having three times more to sell to recyclables.

Anderson: The food waste and curb, and the yard debris, has gone up three times. Recycling has not gone up three times. Recycling has gone up about 12%.

Fritz: And how is that reflected in the rate? Because they get more money for that 12%.

Anderson: Yeah, and that's in the rate. So we do both. We look at what are the world markets, we do an estimate, and cities all over the country do this, and we kind of do it together. So we have the rate, and then we multiply that by the expected tonnage and we include the increase in tonnage that we anticipate.

Fritz: And what's the revenue from the yard debris recycling being turned into compost?

Anderson: That's also in the rate.

Bruce Walker: It's a cost for -- to deliver that material to the compost facilities.

Fritz: But then don't we sell the compost?

Walker: The facilities sell the compost, but it is, incorporated in their overall what, they call tip fee. So it's anticipated of that revenue they receive.

Fritz: But they've now got three times more compost to sell. How is that reflected in the rate?

Anderson: It's reflected in the tipping rate, and so, currently, there is a couple of places to take it. And that rate, the tipping rate there is much lower than it is to do garbage. And so, my assumption will be, as we have more supply of this going to them and they can make more money at it potentially. They will reflect that in the tipping rate that's charged to us.

Fritz: But it's not reflected right now. And they've got three times more compost to sell, so I don't see where that's reflected in the rate.

Anderson: But we can only do what their cost of service is. If there were eight places to take it, and we had competition, more competition, on that, then there may be a way to forecast how that rate could be reduced. We don't have a way to do that right now.

Fritz: I need more information on this before we vote next week. My other question on this is about the less polluting trucks.

Adams: So before, if you don't mind, I just want to make sure that in terms of overall, the -- our approach, because this is a public, private -- I mean this is a private sector delivered service on a franchise basis, a regulated franchise basis, that just -- overall speaking, to follow-up on commissioner Fritz's questions, you have made assumptions about the revenue they collect for the various items that they take to a site, and whether it's a transfer station, a composting facility, a landfill, what have you, and you have also made assumptions then of their revenues from that. And that this is an open book process in terms of you get to look at their books. And, determine whether or not these forecasts are achieved. I mean you're making forecasts -- you have to make forecasts like we all do in terms of costs, and revenues, and then as we go along next year, it can be trued up.

Anderson: So that's all correct. We do not set the tipping rates for either garbage or for the food waste, and the yard debris. Metro does that. So we do not have access open books like you said to, have the companies who run where the compost is going.

Fritz: I understand that, but we're seeing on this table their rates, the customers are going to be paying more because of the drop in recyclable material value but we don't see anything on this chart to show that we've got 14 more percent more recycles and three times more compost that's being sold, so I would like to get more information on that before next week.

Anderson: Ok.

Fritz: My other question on this table is about the less polluting trucks. I understand that this has been in progress for a long time, but we wanted to move to cleaner trucks, what's the time line for this? When will we be done paying for the new trucks and at that point, will the rate go down?

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Anderson: The -- we are scheduled to have at this point by the end of 2013, all trucks to meet the standards. However, we're considering that we might want to look at -- should we push that out a couple years or not, and the rate impact is ongoing. As they depreciate those equipment. It's like all their other equipment. So --

Fritz: So the cleaner trucks are more expensive as well?

Anderson: Yes. The cleaner trucks, depending on, you know, every hauler buys a little bit different truck but generally they have to meet certain standards, the cleaner trucks can be anywhere from \$30 to \$40,000 more.

Fritz: Thank you.

Adams: So, I was confused by your answer on the savings of 79 cents, that includes the savings from having the new service, correct?

Anderson: Yes.

Adams: Ok. So, commissioner Fritz wants that broken out in more detail.

Anderson: That would be great. We can do that. Ok, one final area to cover quickly, is commercial tonnage fees, so the commercial tonnage fee is charged per ton on all garbage collected from businesses and multi-family units, over four units so anything over a four-plex. These fees are used to manage and enforce the commercial solid waste recycling and composting programs. We are proposing to increase the tonnage fee by \$1.50 per ton to cover costs related to enforcement and management of the commercial program. Again, we need to do this for a couple of reasons. One is because metro, because of their budget issues, has cut funding to us by \$190,000 a year. So that's a primary reason, and then we also have some increased costs related to public place garbage collection and recycling. Alright, that's it.

Adams: All right. We have a member of the purb here to talk about solid waste. Vince Sylwoski. Please come forward and thanks for your service. You are going to give us thoughts on this rate request?

Vincent Sylwoski: So, for the record I am vince Sylwoski, representing the purb I'm a small business representative.

Saltzman: Portland utility review board, right?

Sylwoski: Yeah. Thank you. Portland utility review board. As you guys can see from this handout we've given, the PURB supports the increase proposed by BPS and the solid waste and recycling rate increase of 4.2% for the fiscal year 2012 to 2013. Our thinking on it was that although there -- it is an increase, and it's an increase ahead of cpi, again, this year, historically, we have done quite well in the last 20 years with respect to rate increases in the city over the 20-year period and purb supports the new initiatives that bps has put forth, particularly the green fleet policy and the curbside recycling program that was just discussed. A little bit more background on our recommendation, I think, the solid waste franchise agreement revision is coming up for the franchises. It's the mid term review. They run on a ten-year schedule and every five years it's reviewed, and purb would like to attend that for the purpose of trying to get more timely information so that we can audit these rate increases with a little less pressure. Because we receive information from the franchise agreements with just a few literally about a week, I guess, before we have to come before you guys. We have a very compressed time period in which to make a decision on whether or not we approve of the proposed rates so it's always kind of a scramble. And we would like to get the detailed cost reports that the haulers are required to provide and on an earlier basis so that we can take all the information from the haulers and review that information and then hold that up against the rate increases that are being proposed. The second issue that we wanted to talk about, was the clean fleet policy that commissioner Fritz just asked about. As you noted, that policy's resulted in about 75% of the proposed rate increase. It's 90 cents of the \$1.20 increase for this year and as was discussed, it seems to be basically, a perpetual upgrade requirement. Where rates are going to be affected every single year, not just through 2013 but on an ongoing schedule, and there is a draft proposal produced by the bureau planning and

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sustainability to relax, the criteria for upgrading of the fleets, and we feel like that we would like to support that or we would like to have that discussed. So that we can see if there is a way to mitigate these constant impacts on the rates. And that's about all that I have to say unless you guys have some questions.

Saltzman: Also, thank you for your service. So, you are asking that the purb, your first point was that the purb would be a party or privy to reviewing franchises with the bureau planning and sustainability and the haulers?

Sylwoski: We would like to attend the franchise review to request that the franchise agreement be amended, such that the franchisees are required to provide us with detailed cost report information on a more timely basis.

Saltzman: So you want that in the franchise, that's what you are --

Sylwoski: Yeah, we would like to amend the agreement. Because as it is, it is too difficult to get all these numbers, within a week of coming before city council and having to parse everything and make a decision within the purb as to whether or not we support rate increases, and franchise agreements are a big part of that.

Saltzman: Is there any issues around proprietary information that would prevent something like that?

Anderson: They could definitely be part of the conversation, and making sure that, that item that he just mentioned is a part of the -- of looking at it. We currently -- currently we can't get all the information until April, and so it is always a rush, it's a rush for all of us. And we give them some information upfront, but we can't give them a final number until just, you know, ten days before they have to come here. So --

Adams: So they can be covered in the confidentiality agreement?

Saltzman: Ok.

Anderson: Or choose not to, and we could show them other parts of the -- of it.

Saltzman: And I also appreciate your points about, the clean fleet, although I will take responsibility as -- when I was commissioner in charge of the office of sustainable development, we did -- I believe I helped initiate the clean fleet policy, which is the whole idea of getting better, efficient, cleaner diesel in, fuels, or diesel trucks on the roads. I also understand waste management is actually converting its fleet to compressed natural gas, so, these are good things for air quality. But I do have some concerns about maybe it is appropriate to relax the compliance date given its rate impact on people.

Anderson: And you know, this is not some wacky idea that Portland is doing. Seattle did it years ago, and San Diego, all along the West Coast, they have already shifted to these trucks over the past decade. So, we're just kind of coming in the door now, and catching up.

Sylwoski: And the only thing we're worried about is just the consistent annual onerous increase to rate payers on this rate schedule.

Adams: Thank you all very much. Can we hear now from the folks at -- is it sewer or water? Sewer.

Saltzman: Well I had -- can I ask Susan one more question?

Adams: Yeah.

Saltzman: Susan we talked about this last week but a lot of people who are getting used to the new program, you know, the council did make the commitment to review issues around every other week, pickup and things like that, so, just tell us again when that review of the program is going to occur?

Anderson: We had planned to do it in the fall, when we have more complete information, if there is a huge push, by all of you to want to do that sometime sooner, I'd really like to have at least, you know, six months of good data, so that we don't get called one way or another, you know, the amount of garbage the amount of recycling the amount of food waste changes throughout the year, so at least having six or eight months of data would be a good thing.

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Saltzman: Yeah I am fine with that. I just want to make sure the public knows that and I also think it's important to get through a summer because I think a lot of issues around composting, people are warning me, you know about, what's going to be under my sink now in the summertime, so anyway, I think it's -- let's get the summer behind us and then lets review the every other week pickup.

Anderson: Sounds great. Thank you.

Adams: Alright, sewer, storm water?

Saltzman: So if I could –

Adams: Yeah.

Saltzman: -- just introduce this, I want to first of all thank the bureau of environmental services budget advisory committee, as well as the Portland utility review board for reviewing the bureau of environmental services budget and actively participating in its creation, since about november. I personally met with the budget advisory committee at least twice. And after months work, we had landed a rate increase, which will allow the bureau to continue mission critical work, while keeping the rate increase as low as possible. As reflected in the Mayor's proposed budget, the bureau of environmental services is requesting a rate increase of 5.4%. This is well below the forecast increase in the bureau's five-year financial plan. Which was adopted by council last year, and that increase according to the five-year financial plan would have been 6.4%. So, the reduction from 6.4% to 5.4% is a savings to rate payers of approximately \$3.88 million. The bureau is accomplishing this by eliminating 12.5 vacant positions, reducing merit increases as well as cost of living adjustments. And additionally, I have asked the bureau of environmental services to freeze all development related fees, including stormwater and sanitary system development charges, land use review fees, and plan review fees. This means a \$500,000 reduction in revenue to bes but I also think it's important to do this because we want to encourage development. So, freezing the ftc increases, and our land use fees. So, here to tell us more is dean Marriott, the director and jim hagberman, the business services manager.

Dean Marriott, Director, Bureau of Environmental Services: Good morning, mayor and members of the council, I am dean marriott, and as the commissioner said, jim Hagerman is here with me. We're going to fly through a very short slide show for you, and I know you want to get to the testimony part. As the commissioner said, we need to continue to operate our system, as you know we just completed a major capital program, and so we need to operate the new system we need to maintain and reconstruct that part of our infrastructure, which continues to age. And we need to complete the work we began a few years ago on our gray to green initiative to restore watershed health in Portland, and of course, we continue to represent the city in the ongoing Portland harbor superfund discussions and work. As far as revenue requirements, you could see on the slide, revenue requirements are estimated to be \$265 million. A substantial portion of that is debt service, \$137 million of debt service. The operation and maintenance, \$92 million, and then utility license fee and other transfers to other funds are shown on the pie chart. Just moving to the capital program, we still have a robust capitol program needs, \$37 million for maintaining the collection system. Some parts of our system, of course, you can run until they break, but the collection system is not that way, if you run it until it breaks, it is dramatically more expensive to fix, after it is broken. And we have to improve our pumping and treating system. Treatment system, continue to invest in our watershed health and, extend the sewer system to those properties that do not yet have sanitary sewer system. But our capitol program, on the good news side, is probably going to generate about 1300 private sector jobs. So, the commissioner mentioned the financial plan started at -- we were targeting about 6.4%. And initially in february, our submission would have gotten us to 5.9. We are now following the mayor's directive down at 5.4%. And this is a substantial reduction from where we were just a few months ago. On the proposed rates, I am going to turn it over to jim hagerman, who will walk you through the proposed rates and the table with some details. Jim.

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Jim Hagerman, Bureau of Environmental Services: Ok, thank you, dean. Jim hagerman, business services manager for bureau of environmental services. As dean mentioned, the rates are going up, on average, by about 5.4%. The sanitary volume charge will be about 58% of an average bill for a customer. That goes up from \$32.96 to \$34.98. Storm water goes up to \$23.90 a month. Good news is that following the arc of program activity, the Portland harbor superfund charge is decreasing by about 33%.

Fritz: And let me just comment on that, that's because we finished the investigative phase which is what that was funding. We haven't yet determined how we're going to pay for the cleanup costs that we may be allocated.

Marriott: That's true. That's correct.

Hagerman: Giving you a little more detail on the rates, there are a couple of things to take from this table. Number one, is that the volume of consumption that we're seeing, both from residential and commercial customers, is down following historical trends, and what that means is that the rate is up a bit more than the average bill. And that's outweighed by the reduction in consumption. In commercial rates, the increases are a little bit smaller. And in fact, if you look at extra strength rates bio chemical oxygen demand and suspended solids, those rates are, actually, declining. And that reflects the roll-out of the enhanced extra strength fats oils and greases program that the bureau, which means we're billing for more of these loadings to the waste streams, so the average cost is coming down. While there is some customers now getting higher bills, the large industrial customers that have been part of our extra strength program are seeing some actual rate relief here. And as I mentioned earlier, the Portland harbor superfund charge is coming down. Other charges, as commissioner Saltzman mentioned, we are freezing the system development charges, sanitary and storm water at current levels, and it's true also of the plan review fees and land use review fees.

Line and branch charges are increasing, reflecting the cost of constructing lower sewer facilities. And finally, just a little perspective about where we are. You see we are the green bar there \$59.57 for an average rate payer, we are in the high end of the middle range, in this survey at least. You see the double asterisk on some of these cities, those are cso cities. Many of the cities higher than we are on the monthly bill, are cso cities, and there are some below us that also have those double asterisks and we would expect in the next several years they will be higher than we are, as well we are pretty much finished with our program, many of these cities still have years to go before they reach compliance. And finally, the sanitary system development charge at \$4,355.00 for an equivalent dwelling unit. We are, kind of in the middle of the range and staying there.

Marriott: I think that concludes our formal presentation, we'd be happy to answer any questions you have and of course we'll stick around for the testimony part.

Fritz: I have a question in response to the letter from Bob Salinger of the audubon society who served on the bureau advisory committee. They were – the bureau advisory – the budget advisory committee were asked to consider rates of 6.4, 6.0 and 5.5 and they concluded that a reduction to 5.5 could have a significant negative impact on mission critical objectives. Particularly concerned about on going maintenance as you expect – as you suggested, it's much more expensive to fix something once you have catastrophic failure, so certainly we all need to be fiscally responsible and keep rates as low as possible in these tough times, however we also need to do that on going maintenance. Could you comment on the proposed rate of 5.4 and in particular, about the budget advisory committee not going that low?

Marriott: Well I think as commissioner Saltzman said, he met with the BAC twice, once in the fall and then once in January. And there was a very frank discussion about the cities budget process and the BAC fully understood that they were going to immerse themselves for 90 days, in a lot of the details. I think that's why they were comfortable with the 5.9% budget that we submitted in January through commissioner Saltzman. They also were cognizant of the fact that decisions get made by the council in the spring and they may not exactly reflect the work of the budget advisory committee. So, I took Bob's letter to be his sort of constant call for respecting the process and

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respecting the work that the budget advisory committees do and I think – every year they asked to have their work more carefully considered, so that's really how I took that.

Adams: If I could also answer that, since I'm looking at the proposed recognize who gets to speak, and i'm recognizing myself, the cuts out of the rate are cuts largest -- largely driven by cuts to vacancies, cuts to the overhead charge of the office of management and finance, cuts to back room operations. So the impact on programs in the bureau are modest in terms of what we're cutting. Would you agree with that?

Marriott: Yes, that's fine.

Fritz: So in terms of the ongoing maintenance -- we don't know yet though how -- where those cuts -- is it true that the -- cut from 5.9 to 5.4 is entirely from the overhead changes with the cuts to office of management and finance?

Adams: Not entirely, no. Lisa would you come up here please?

Fritz: Because I'm really interested in what the range of services that might be cut, and I know you haven't refined that yet since this is a new proposal. What kinds of services are not going to be funded?

Adams: Lisa can you walk through the one sheet we gave every member of council, in terms of where the rate reduction came from? And I think the commissioner will refer back a recollection on that sheet, you'll see that the reductions are the vacancies and overhead charges.

Lisa Shaw, Office of Management and Finance: Certainly, hello my name is Lisa Shaw. I'm the financial planning analyst, assigned to review the bureau of environmental services budget. One of the cuts that was taken during the proposed budget had to do with taking vacancy savings from the bureau, and reducing vacancies -- positions that had been held vacant. Some of those dollars have changed somewhat, but the impact on rates is still the same. There was a mix between operating folks and people that work on capital projects. And that reduced the rate additionally. The budget was reduced to reflect omf central interagencies, the pass-through of those savings then was reflected in a reduction of rates, and that was a little over \$400,000. And then also the merit, the freeze on merit increases for non-represented employees above \$45,000 in salary, that also had an impact that was about \$100,000 worth of savings. And then there were two components to cost of living adjustment savings. One was to reflect the difference in what had been originally the inflation rate that had been built in of 3.8%, and then reflecting that reduction down to 3.3%. And so that reduced bes's rates that was a little over \$200,000 in savings. And then the final piece was freezing cola payments for non-represented employees above \$45,000 worth of salary, and that was a little over -- about \$570-some thousand dollars, so each of those had an impact in reducing the overall bureau rate.

Fritz: And that gets us down from 5.9 to 5.4?

Shaw: Yes.

Fritz: Thank you.

Adams: So in short, as much as I love bob, I don't think he actually read the proposed budget. Thank you.

Saltzman: I would just like to point out, before we go to testimony, that, you know, throughout our budget deliberations, I was asking every bureau, you know, about their vacancies. Because I think that was an important way to get at balancing our budget, all of our budgets, is to look at vacancies that are not filled that are typically funded, and just sort of carry it over. And in that spirit I went back and I felt it was appropriate, not only for general fund bureaus but for the enterprise bureaus, as well, water, sewer, and I went back and asked our people to come up with another -- what turned out to be 16 vacancies on top of the 3.5 that were proposed to be eliminated, and those vacancies have in fact been put into this budget. So I want to thank the bureau of environmental services for doing that, I know it wasn't easy to go through and figure out what positions you really don't need to fill, and so I want to appreciate that -- thank them for that. And it does reflect in a lower rate.

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Adams: Thank you, gentlemen. Next can we hear from water and water related services. And then we'll hear from pbot.

Adams: Are you the sewer? I apologize. No, you come up first. My mistake. I'm on about three tablets of flu medicine today.

Fritz: Now you tell me.

Gordon Feighner: Good morning mr. Mayor, commissioners. My name is Gordon Feighner, I am the public interest advocate member of the purb, and I also served on the bes budget advisory committee this year. And you should have received a written summary of our recommendations. I'll go ahead and read through that a bit. So we do – well, purb met last week, and at the time the bes budget increase was proposed to be 5.9%. We agreed that that was reasonable, necessary to maintain existing infrastructure, and provide capacity for critical issues that may arise in the coming year. We also asked that council direct bes to make cuts in the budget that were made in a way not to significantly affect programmatic operations that may have a significant impact on critical services. These were classified as cuts such as not filling vacant positions and it seems that that's what bes came back to us with. In light of the revised budget proposal for an increase of 5.4%, we discussed online yesterday and agreed that given that the bureau follows our guidance on budget recommendations that we made last week, that the cut of 5.4% would be appropriate. We appreciate the commissioner's efforts to be penurious here and I think that's -- that is appropriate. However, as a member of the bac, I do need to reiterate some of the concerns. I think in a less forceful manner than mr. Salinger raised in his letter to you. But primarily on the process of how these last-minute changes to the budget occur now, they occur in a manner that is -- after a point where the bac has its final meeting, and it's after a point where the purb can meet and address them in a timely manner. I mean we had a meeting last wednesday which we thought was close enough to this meeting that we would have a more or less final budget proposal in our hands and it turns out that there's an additional half percent cut that was made in the past couple of days. So I guess I reiterate concerns that I expressed last year.

Adams: Mr. Purb member, just to be really clear, with all due respect to the purb and the budget advisory committee, the mayor has been proposing budgets in the city for decades.

Feighner: Yes.

Adams: And so it is always, i'll protect the future mayor's ability to do so. So we take all of your input, the mayor takes all the input from bureau managers, we have public hearings, we hear from the budget advisory committees, we hear from purbs and other organizations, and then in the end the mayor makes a proposed budget, and I have to knit together all of the concerns that you and others raise with a whole bunch of other groups that also have concerns that relate to this bureau, but might not be covered by the purb's discussions or the scope of the bureau's advisory reviews. So when you say "last-minute" I just would respectfully push back on you and the budget advisory committee with this idea that the mayor's proposed budget is -- decisions are somehow last-minute. The mayor's proposed budget is part of the process. And everything up to the mayor's proposed budget is advisory, and then the mayor's proposed budget goes to the city council who actually makes the decision. So it's not last-minute. It is part of the process.

Leonard: So if I could just intervene here, mayor Adams, nobody respects you more than I do, and I know how hard you've worked on this budget, and I know you're not feeling well and you're tired. But I also think with all due respect, people ought to be able to come forward, make their observations, and not be challenged for them.

Adams: Well you and I will have to disagree about that.

Leonard: And other members of council should be able to do the same, and we'll make our own decisions based on the information we accumulate, but I really would --

Adams: Well thank you, commissioner --

Leonard: -- I'd appreciate it if we could just allow people to say what they want to say.

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Adams: Thank you commissioner, and I will take that under advisement, but I also am not going to let pass yet again this notion that the mayor's proposed budget is sort of last-minute decision making. It's not. It's a step in the process.

Leonard: And we all understand that on council, but the council members --

Adams: Is there any other member of council who would like to make comments?

Leonard: Excuse me, I am speaking. But council members ought to be able to make observations and comments and the public ought to be able to do that, and we should respect that.

Adams: Absolutely. And I do respect that. Thank you for the reminder.

Fritz: And I think it was a helpful clarification, Mayor, that indeed your budget puts together all the input that we've heard, so I appreciated the answer to my question, and indeed you're raising this again, that things like the merit pay increases, the cola, the changes to the office of management and finance which changes the agency, interagency agreements, those affect this rate. But were not things that perb or the budget advisory committee had input into. So what I heard in my -- in the answer to my previous question was that indeed your recommendations were respected in terms of the programmatic things that needed to be funded that are still here, and that the rate decrease is at least the majority of it due to those other issues that the mayor put together in his package. Does that make sense to you?

Feighner: Yes. And we appreciate that.

Fritz: Thank you.

Adams: Thank you. All right now we'll hear --

Saltzman: And thank you gordon for your service on the Budget advisory committee and the Portland utility review board. Thank you.

*****: Next question.

Adams: So now we'll hear from water.

David Shaff, Director, Bureau of Water: Good morning, i'm david shaff, I'm the director of the Portland water bureau. With me is dave Hasson the finance director for the Portland water bureau. Is it up? I can't tell.

Adams: Could we have the purp person for water come up so I don't forget you?

Shaff: Ok, so, thank you for your patience. And we're also distributing a hard copy of the presentation for you as well. So, let's get started. I have a total budget proposed of \$217.2 million.

Of that, about \$81.4 is my operating budget and \$135.8 million in capital. That's down from \$181 million dollars that we had projected at this time last year. The big cip projects that I have going on this year are the emergency coordination center, the interstate facility replacement, the powell butte two reservoir, the dam two tower, and the forest park low tank. The remainder of my cip is what I would refer to as the basic nuts and bolts, mains, services, hydrants, meters, that sort of thing. From a revenue standpoint, I will be through rates and charges, have about \$141 million dollars coming in. Of that, 119 is our retail revenue. Most of the people in this room are wholesale customers, \$17.7 million dollars. \$3.2 million in other fees and charges, that's when we install services, petition mains, reimbursable work, delinquency fees, that sort of thing, and then finally, \$1.3 million in sdcs. We have a total work force or full-time equivalent work force of 624.8 people. If you look at the next page, the primary rate drivers of the 8.1% increase that we're looking at this year, and by the way, that's down from our projected rate last year at this time of 14.4%. Our -- the cip, the big portion of that is lt2, obviously we're not building a uv treatment plant. Our reservoir schedule, we have proposed to push out, that results in savings, the oha, the Oregon health authority decision on that is still pending. I do expect to receive something from them, if not at the end of this week, early next week. So I'm hoping by the time you vote we will have heard in writing from oha whether or not they will agree to our extension request.

Leonard: That's Oregon health authority.

Shaff: Yes. Oregon health authority.

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Fritz: It's my understanding that the decrease is 2.4% of which .4 is for not doing the ultraviolet and .2 is from not doing -- extending the time line? Is that correct?

Shaff: I don't have that in my mind, but that sounds about right, commissioner. Now, it has -- some of the savings have been partially offset by increases in the rest of the CPI, as we mentioned at our council session last month, I have 5.5 million dollars in mains, the carolina pump main project as well as pump station improvements this year at green leaf and sam Jackson. Other economic factors are the cola. We've already talked -- you've already heard about that. A lower cola than projected results in savings. We have lower interest earnings, that's an offset. We have better borrowing rates, that's a benefit to us. Obviously we still have two years to go on the deferral of the prior rate increases, so we're close to the end of that decision that was made several years ago. And our retail demand continues to be down, as Jim Hagerman mentioned a minute ago. We had a very cool, wet summer, and I believe last march was either the wettest on record or one of the wettest on records. And our lt2 variance monitoring, because we did get the variance, we are looking at a relatively modest increase, and that's reflected on the next page. So, the retail rate increase is approximately -- is 8.1%. Our typical single family bill, that's for the -- our average rate, retail customer who uses 500 cubic feet of water per month, is \$26.77. That's an increase of \$2.01 a month over the current rates. Our proposal includes two decision packets. The monitoring to comply with the treatment variance requirements, that's .60 of a percent. And that's the staffing, the sampling and monitoring, additional sampling if necessary, and then some capital improvements on our key stations, and auto samplers. And then the e-bill marketing. As you know, about 15 days ago we decided that as opposed to having a mandatory monthly billing program for our 188,000 accounts, we would make it an option. So people can sign up for the option of receiving a monthly bill. That had a major impact. Instead after a 2% rate increase, we're proposing a .20 of a percent rate increase. The primary purpose of that is to do the programming that will be necessary for that, the outreach, the marketing, and to provide incentives to encourage more of our customers to participate in the e-billing and the auto pay system. Right now only 3% of our customers receive an electronic bill. That's a little over 5,000 people. Just under 9% of our customers do auto pay, where we deduct from their checking account, or their visa account, about 23% of our customers pay through the web, 22 almost 23% by e-checks from their bank to our bank, but we still have about 42, almost 43% of our customers who write us paper bills. And receive a paper bill from us. So those are the folks we want to target with a marketing outreach campaign and providing incentives to sign up for those.

Adams: Just to be clear, the e-bill option, sorry, the monthly option will just be on the electronic --

Shaff: We're looking at both, Mayor. The reason why we're -- we don't want to tie the two together is because there are some people who will still want to receive a monthly bill, but will want a paper bill. So our goal would be to move as many people to e-bill and auto pay as necessary, and not link it to signing up for monthly billing. We're looking at an incentive however.

Adams: Are you going to be sending out monthly paper bills?

Shaff: To people who sign up for monthly bills?

Adams: Yeah.

Shaff: Unless the council directs us that we have to link it together, I would say yes. And I would discourage linking them because I think that will defeat our purpose of trying to get more people on auto pay and still make the option available. There are people, for instance, if you look at -- the most of the people who are interested in monthly billing are the people who are lower income, who struggle every quarter to pay that combined water and sewer bill. Many of those people don't have access to computers, don't have access to the internet, and therefore wouldn't be able to take advantage of that option.

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Adams: I just want to make sure that the .20 of a percent increase, which is different than I understood, takes into account anticipated costs related to paper monthly billing as an option. Does it?

Shaff: It does indeed. If we have -- if we have just 5% of our customers sign up for e-billing, they're going to save us \$26,000 a year, the cost of sending them the four bills that they're currently getting. Now if we say -- if that same 5% of our Customers opt for a monthly billing, our costs can go up by as much as \$85,000, because we're going to be sending them eight more bills. So we're looking at providing those incentives to say, we want you to sign up for e-billing, sign up for auto pay. That's the purpose of that .20 of a percent.

Adams: Ok. I'd like some more details on that.

Shaff: Ok.

Saltzman: Can I just -- we do have a member of the technology oversight committee who I'd like – I think the Mayor agrees -- to come up and talk about -- at the right point – come up and talk about their review of this whole issue.

Shaff: They were anticipating doing that. We assumed that would happen after the purb.

Saltzman: Sure, ok.

Shaff: If you look at the next page --

Leonard: He's actually coming up now, but why don't you come on up, and since this is on -- being discussed.

Shaff: So if you look at the next page, number five, typical residential monthly bill, as I said, is going up \$2.01 to \$26.77. The low-income residential monthly bill increases by \$1 from \$12.38 to 13.38. Medium commercial customer, that's a -- like a small grocery, a qfc, large mcdonald's, increases to \$27.27 to \$363.86. Portland water bills represent only about 5% of the average utility services for residential customers. If you look at the next page, we have a bar graph and one thing we did miss in the box up in the upper left hand corner, we -- on solid waste and recycling it should say biweekly pickup, not weekly pickup. But if you look, of all of the utilities that we typically use, water is the cheapest of those utilities. Now, obviously not everybody has the same numbers. Not everybody has a cell phone, not everybody has cable. But these are the numbers that we have put together from surveying all of the local utilities. I went through this last night with my own budget, and other than the fact that my cable is much more expensive, I spend more on cable, this pretty much reflects me as well. It is the average, it is not everyone. But I can tell you that water, of all of these utilities, is the cheapest.

Leonard: So, I'm sorry to interrupt, but I think there is some clarification that we need to have on the subject of e-billing and monthly billing. So can we go back to that? And can you go back to that slide? So I want to – I just want to make sure that given that the mayor is believing what he's hearing, doesn't reflect what the discussions were that we had that we're all on the same page, because I want this to roll out correctly. Because I think the strategy we developed is a really good one, and I think people take advantage of monthly billing, but what the mayor just said, and I don't know that I disagree with his recollection, was that we were going to tie the attempt to get those who want to have monthly billing to only be able to do so if they received it via e-billing. Because the idea is, and when this – if you'll recall when we started this entire effort to go to monthly billing, I consistently felt that the costs were overestimated. But they are what the stats says they are. But my instinct was there are more people than what we may realize that have access to computers that were they to know they could get their bill via the computer, would be happily -- would happily do so. And secondly, the other issue, that we talked about, we haven't talked about it here, is the other option that would allow your bill to arrive at your financial institution online via bill pay, which we are implementing as well, and we didn't mention that. So I think we need to clarify that part before we go on, because I don't know that I disagree with the mayor's recollection of what our discussions were and i'm not sure that I understood that we were going ahead with incentives to create monthly billing that allowed people to get that bill via the mail versus just electronically.

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Shaff: There are no incentives being offered to sign up for monthly billing. The incentives --

Leonard: For E-billing, right.

Shaff: Those are what the incentives would be for.

Leonard: So, but I think -- I guess just to finish the thought, I think I agree with sam that we don't want to offer monthly billing unless people -- take advantage of receiving that monthly bill via email or their online banking bill pay option, where the bill would actually arrive in their bill pay.

Shaff: We can absolutely do that. That will I think have fewer people take us up on that option. But we could absolutely do that. And we will even for those of our customers who are not interested in signing up for that monthly bill, we will still be looking at trying to incent more of our customers over to e-billing and auto pay, absolutely. But the reason why we didn't want to link monthly billing to e-billing is because of those people who really do want that option, but don't have the ability to sign up for e-billing at the same time.

Leonard: So I'm wondering if any of you happen to have any stats on, do we know how ubiquitous computers are, and -- in people's homes? My sense is that if people actually don't have one, they have access to one.

Shaff: No, I don't. I can tell you that our market penetration isn't particularly big. As I said, we still have 42% of our customers write us a physical check. That's pretty big amount.

Leonard: It is, but as we discussed, it's somewhat -- it's been harder than it has up until now to figure out how to get to e-billing, but part of what we've been doing, sam, is having meetings on how to make that easier. And come up with ways so there's a one-click option so people can figure out how to navigate to sign up for e-billing. Because I think it's been unduly difficult to do that.

Adams: Yeah, I just – Director, I worry about the – and you can give me detail that I shouldn't worry, but I worry about offering a paper monthly billing option because it just inherently in my mind means a lot more staff time and a lot more complications, just sort of that's my intuition, by just offering that as an option. And if we didn't offer it as an option, it doesn't mean it couldn't be added later, but as we ease into monthly billing option e-transactions, you can allay my fears, but that's based on -- we spent a fair amount of time on this in the -- with folks, and we thought that the .20 of 1% would provide the potential for incentives like we did the downspout disconnection program, modest incentives, great response, again, we're not necessarily solving all the problems that -- and one of them you've raised, but the cost benefit was I thought we had landed it monthly electronic.

Shaff: We can certainly do that. And you can make it a -- what we would refer to as a soft rollout, where if over the course of the year and the -- you'll see that the toc is recommending that we come back a year from now and see how we're doing. Over the course of the year, if we have people who are saying, yeah I'd like to sign up for monthly bill, but I can't because of this, then we can come back and talk to you. So I have no problems linking them together if that's what you want us to do.

Leonard: So I will make sure going forward that that is the program.

Fish: Mayor Adams if I could? I really appreciate this exchange, because I think it's clarifying some issues for the whole council, and I thank the mayor and commissioner Leonard for providing that clarity. In light of what we now understand to be the path forward, which is to only use e-bills if people choose to get a monthly bill, I think it's fair to ask how many customer account specialists do you estimate you will need in addition to your current complement to do the soft rollout on that program?

Leonard: So we have cathy cook here. If you want to come forward?

Shaff: I have that.

Leonard: You have that information? Ok.

Shaff: I'm covered. Right now we're running seven positions light. Vacant. And the reason why we have those positions vacant is because as we've been looking over the last year at creating the monthly billing program, that we were working on up until 15 days ago, we weren't sure where

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those positions were going to be needed. Were they going to be needed the billing department, the collections department, the walk-in, or the call center? But let me give you some statistics on where we are today versus where we were a year ago before some of -- before we have the lion's share of much those vacancies. So last april, april of 2011, we had over 60 occasions where the maximum hold time was over 10 minutes. We had one occasion where the maximum hold time was over 10 minutes, or we had occasion where the maximum hold time was over 10 minutes on 18 of the 21 days in that month. The longest hold time during that month was 20 minutes, we had 2,045 customers hang up while they were on hold, waiting for our representative. There were eight days during the month where we had over 100 people hang up. Of those eight days, there were four days where we had over 150 hang up. One out of 10 people hangs up while on hold. 42% of our customers waited for more than two minutes to speak to a representative. 24% of our customers waited more than four minutes to speak to a representative. And only 45% of our customers waited a minute or less to speak to a representative. This is last month. The water bureau's call service center, our goal is to answer 80% of our inbound calls within 60 seconds. Now when I had more people working for me, before these vacancies occurred last year in april, there were no days where over 100 people hung up on -- while on hold, while waiting for a representative. We did have one day where there were 99, that was april 1st, and we typically on the first of the month always have a big call volume because of that's when the social security recipients tend to get their money and call us and make payment arrangements. We were able to answer 96% of the inbound calls that were made to us. 73% of our customers waited less than a minute. 87% of our customers waited less than two minutes. And 98% of our customers waited less than four minutes to speak to a representative. So the difference between last april when we had more people on staff, and this April when I'm carrying the seven vacancies, because of where we wanted to see where they should land, is pretty dramatic.

Fish: So David, i've been just going through the exchanges with the water bureau, budget committee, the material that OMF has been furnishing the council and the exchanges with my office, and the list that I have shows 42.25 vacancies in the water bureau. Is that an accurate -- is that a -- in the mayor's proposed budget, 42.25 with the mayor taking two cuts, so a net of 40.25.

Shaff: It's about -- it's between 31 and 34 right now.

Fish: I'm just going off the number that is published in the Mayor's proposed budget.

Shaff: But the Mayor's proposed budget didn't reflect the vacancies that we're eliminating at the end of this year. It also doesn't reflect the fact that during the freeze we had -- we received permission to fill some vacancies. So I do have approximately between 31 and 34 vacancies right now today as we speak.

Fish: So in the Mayor's proposed it also lists 10 vacant positions for what's described as customer account specialist one and two.

Shaff: No, it's 10 in customer service. Of those there are seven that I just spoke of, customer account specialist vacancies.

Fish: I'm just going off the printed document. These are all things that --

Shaff: Things changed. I'm a big organization.

Fish: I appreciate things change daily. But these are things I want to follow up with you, because i'm going off the published documents. David, in the exchanges that the budget committee had with the water bureau, in one of the responses you specifically said that there were a number of customer service positions which were being held open to staff the monthly billing initiative that the council had directed pursuant to the budget note. What i'm hearing today though, is that we have scaled that back pretty dramatically. We're now talking about a voluntary system with email bills, not paper bills. And so the question I would have is, how many of those customer service positions do you need specifically to add to deal with the additional burden that is incurred in moving to e bills? Not to backfill other problems. My parks bureau is taking 34 proposed cuts. It's going to impact

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everything we do including customer responsiveness. But how many additional positions do you need to meet the requirements of this sort of more skinny e-bill system that you're going to pilot?

Shaff: I don't need additional positions. What I need to do is to be able to fill the positions that I have. I have -- we have the right staff to deal with the 250,000-plus calls we get every year. And that's consistent. The numbers for the last three years, they've gone up, but they're right around a quarter million a year. And the statistics that I was just going through with you, commissioner, reflect from april of 2011 to april of 2012, we took about the same number of calls, just over a quarter million. But my customer service is much poorer this year because of those seven vacancies. I don't need more, I just need the number that I have.

Fish: So again, I -- you're one of my favorite bureau directors, i'm not picking a fight, and i'm going off the information that i've been given. You're a wonderful advocate for your bureau. But what Omf has told us, is that 10 water bureau customer service positions were set aside to handle the monthly billing. If that number is incorrect, I would just like to see what the --

Leonard: Let me clarify something. Because I think there's a lack of understanding of david's response. We were trying to do the monthly billing with existing staff. So I didn't come to the council and say, if we do monthly billing, we need to hire five extra people or 10 extra people. So what I directed was, try to do it within existing resources. David complained, as did the customer service people and said, well that means our hold times, our customer service response times, well I hope i'm being responsive to your concern. Am I not?

Fish: Who said you weren't?

Leonard: I was just wondering, I wasn't sure --

Fish: I'm listening intently.

Leonard: Ok. So they -- at my direction, kept positions that would otherwise have been filled on an ongoing basis as people resign, retire, transfer, whatever, filled. They kept them vacant. Now, if what i'm inferring is correct, you're drawing the conclusion that these are unnecessary positions. That feels a little bit like a blunt instrument coming at the water bureau as opposed to if you're real concern is the rate increase, say my real concern is it's 8.1% of an increase and it should be 7.5. You know. Let us do the methodical thing that I would extend the courtesy to you. If I said that about the parks budget or the housing budget and say, it's too high, come back with a -- org chart that better reflects 7.5. This is not -- if I had any idea that at the last -- at the rate setting somebody would say, well you happened to have 31 vacancies, and clearly they're vacant so therefore you don't need them, cut them and then reduce the rate by that much, I mean, we would have certainly filled the vacancies and had a more thoughtful discussion about, how do you get to 7.5? This is not a thoughtful way to get to lower the budget.

Fish: Well, I appreciate the characterization of the debate. So far i've just asked three or four questions and gotten information inconsistent with what's printed in the Mayor's proposed. I actually don't have a proposal yet, i'm trying to understand. And as the mayor has stated articulately earlier, we do our budgeting up to the 30th. This is the chance I have to ask your bureau director questions. I'm trying to reconcile information in a published budget, and information that he is clarifying. I'm trying to understand it first, I did not imply or infer an agenda other than i'm trying to understand if you go to a monthly e-bill system, do you need to still have 10 of these vacancies filled to provide those services? David's answer to me was, he has other problems with customer service that he might use these positions to address.

Leonard: But to be clear, and I think the part that's the misunderstanding, the problems exist because we allowed the vacancies to occur.

Fish: So if I can just -- can I just -- let me put my position on the record. I appreciate the cautionary note on this. So let me just state the concern, so we don't have to infer. When the mayor's proposed budget came out, it listed 42.25 vacancies, and the mayor took two cuts. Virtually every other bureau that's an enterprise bureau or infrastructure bureau has taken substantial cuts from vacancies. We have been seeking information that david has provided to us

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that omf has provided to us about the cost of moving forward with monthly billing. I've gotten some information that i'm trying to reconcile, because it's a little off, and david has explained that the mayor's numbers need to be scrubbed in light of people that were hired, where you got a waiver on the freeze, and position, and the other things you mentioned. So I understand that. The question I am going to get at, at some point when I get more information, are any of those positions, positions which we can defer filling this year? Because, it's my understanding that if you take 10 customer account specialist positions, one or two, which was what was listed on the Mayor's proposal, if you did not -- if you eliminated those positions, if you didn't need them to do the billing, that would result in a .50% reduction in the rate. So, yes, I am interested in understanding whether that is a reasonable and sound thing to do, but I first need the information to understand it. And in fairness commissioner Leonard, I appreciate this exchange, it was actually you on april 5th in an exchange with commissioner Saltzman who first planted the seed in my mind to take a look at this, because when commissioner Saltzman was looking at nonutility bureaus and their vacancies and asking questions, you said, and I agreed with you, don't restrict the conversation to general fund bureaus, it should extend to the utility bureaus. So I have looked at all the bureaus. I have some questions coming up for the transportation bureau, but I think we have an obligation to understand whether any of these vacancies are not mission critical, and if they can be eliminated and result in a rate reduction, that seems to me a double benefit.

Leonard: So let me put back in context what i've said. What I said was, at the time that if you want to cut a budget, look at the positions and the positions that they are intended to -- the function they're intended to provide and cut those whether they're vacant or filled. I've been doing budgets either in the state of Oregon or here for close to 20 years. I have never seen budgeting done where on a given day you draw a line and say, ok, every vacancy that's exists obviously isn't needed and you cut them. That's not how you do responsible budgeting. Again, if your goal is to save half a percent, give the water bureau direction to come up with half a percent savings, and so we can be thoughtful about what it is in terms of positions we need or don't need, that's fine. I don't have an objection to that. What I do have an objection to is just saying, somehow -- because you've kept positions vacant – and there are bureaus that -- the police bureau has historically -- and dan and I sat on a committee once. We identified 56 positions that the police bureau had had for over 10 years that they kept vacant for the specific purpose of using those dollars for other functions. I think commissioner Saltzman will recall this, we identified those. That's not the case here. These were kept vacant for the specific purpose of hiring people to go in to do monthly billing. We decided to try to do it within the budget. So this is -- these are not vacancies that the money for which is used for other purposes. They need to go back to customer service. If you want to save a half percent, say I want to save a half percent, let us come back and frankly, it's irrelevant to the public service whether those positions are -- or the public interest, whether those positions are filled or vacant if they're needed they are, if they aren't, they aren't.

Adams: Alright, so I'm going to recognize commissioner Saltzman and then commissioner Fritz. If you're done, commissioner Fish.

Fish: I think I have what I need now. There's some follow-up information i'll need for next week, and I appreciate commissioner Leonard's suggestion, and since we only have the benefit of the mayor's proposed being published today, it does provide some constraints on having this discussion. I may very well take you on up your effort to ask you to identify a proposed .5 additional reduction out of the vacancies, and not substitute our judgment but let --

Leonard: I'm not saying limit it to vacancies, I'm saying if you want – I want to be very clear. Vacancies are a happenstance that occur when people die, retire, quit, or transfer. And to suggest because it's vacant it should be cut is not a thoughtful way to do budgeting. If you want a half percent, we'll find you know a way to do that --

Adams: Commissioner Saltzman then commissioner Fritz.

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Saltzman: Well I appreciate this discussion. I just want to add my perspective. When I talked at our budget briefing sessions about eliminating vacancies, and I didn't say eliminate all vacancies, I was suggesting, hey, if we just eliminated 50% of the vacancies, that, you know, we can get to our budget reduction targets in a major way. And I think at this point it's a matter of equity. I think as I mentioned earlier, the bureau of environmental services didn't want to do it, but you know, we forced them to take -- eliminate 20 vacancies. Every bureau in the city got to a balanced budget by eliminating vacancies, so at this point to me it's a matter of equity that the water bureau not only is not eliminating any filled positions, but --

Shaff: We're eliminating two filled positions, commissioner.

Saltzman: But you're carrying, you know, your not eliminating any vacancies. And while we can argue about whether they're necessary or not, I think what I was saying then, is we as a city need to work harder and smarter and we need to -- you know, we need to do that. And one way to do that, and meet our balanced budget obligations is to take a hard look at vacancies. Not eliminate all of them, but I think there's some of them. And my final observation is, just on the customer service specialist, it sounds a little bit like the discussion we had earlier about, so we're saving a lot of capital money because we don't have to build the treatment plant. But yet there's no rate savings because we're moving up other capital projects.

Shaff: There are rate savings.

Saltzman: Well, but, you know we had a robust discussion about other projects being moved up, and I think, you know, we're ok with that. But it's frustrating to ratepayers when they think there should be a savings. Getting back to the customer service specialist this, was always articulated to me as being necessary for the monthly billing. And now we're not doing the monthly billing, we're doing it in a smaller manner, but yet we still need those 10 customer service specialists?

Shaff: We're still getting a quarter million calls a year.

Leonard: What your sending is a great message to all the bureau directors, don't ever allow vacancies to exist in order to try a new program within an existing budget, that's all your doing. You're creating a system of really potentially horrible behavior on the part of bureaucracy, and the goal ought to be -- I mean i'm a little astonished that you're not having this discussion in the context that we took a 14.4% budget that the council had approved on a five-year plan a year ago, and we reduced it to 8.1% and you're somehow saying the water bureau isn't being treated fairly? I mean, they have constricted the budget down to a point where they're doing absolutely essentially what has to be done and saved positions open only in anticipation of doing a program that now we're not going to do and they're going to hire the people back that need to be hired to answer the phones. If you don't think that's a good idea, say ok, I want to -- it isn't about vacancies, its about how much you're spending. I think you're spending a half percent too much. Come back with a half percent cut.

Adams: So did you have more?

Fish: I will say that I appreciate that comment too, because our proposal to the mayor was rejected and the mayor took other cuts, including 34 cuts, vacancies, and front line, and management positions. And commissioner Leonard, we have a strong opinion in parks about those cuts, and I appreciate what you just said, because I will seek your help in crafting some mitigation measures in parks, because I believe we have to be thoughtful about what positions we eliminate. We don't do it just to produce savings, we have to make sure it isn't also degrading services. This was not intended to open up this big a can of worms. And I appreciate the sensitivity, but it really for me comes down to, if we're changing the way we're going to do monthly billing, this commissioner would like to know how that changes the deployment of human resources going forward to administer this program. And what I have received in writing from the water bureau and from omf linked these positions to the monthly billing system if that's incorrect, then I would like to --

Leonard: It's incorrect.

Fish: But that's what i'm relying on because it's from David Shaff and from OMF --

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Adams: So commissioner Fritz.

Fritz: Thank you. And just to -- my comment on that particular issue, it's my understanding from information from the water bureau that 10 of the vacancies have been open for over a year. So I do question whether vacancies that have been unfilled for a year are still needed to be filled. And so obviously we'll have more discussion on that. And I know that our purb member and our technology oversight committee member have been waiting patiently to give you their observations. But since it's my turn to talk I will say that I concur with the technology oversight commission -- committee's I have a question regarding the .2% for marketing the e-billing, that it seems like that's a one-time cost for changes to the program and for marketing, and so I would like to see some commitment that that .2% would then be eliminated after the program is implemented. And on those lines, i'm really interested in knowing more about the reductions and increases related to not doing the ultraviolet plant, and the increased treatment requirements. We've been told -- we were told in a previous work session that the reduction for not doing ultraviolet is .4%. The overall capital improvement budget for the water bureau has gone down \$200 million since 2009, because of switching first from filtration to ultraviolet, and now not doing ultraviolet, but then backfill -- putting some other projects to the front. So it's challenging for a lot of citizens to understand why the rate hasn't gone down more, when we're not doing the ultraviolet system which would have cost \$100 million plus interest. And why it's going up .6 for the treatment variance requirements, it doesn't -- it seems like we're adding an additional layer having not peeled back the previous one.

Shaff: I will get you an answer.

Fritz: Thank you.

Leonard: I mean -- the response, I mean we've had work sessions on this, where we've discussed this in depth and have these discussions in depth, and just briefly review, we've made it clear that if we get the variance that we've received, it's going to require increased monitoring. I would hope everybody here remembers that. And it costs money to do the increased monitoring. That the variance would not be business as usual prior to lt2 coming into existence that the federal government would require to us do the exact kind of monitoring or even more enhanced than we did to get the variance which cost how much? How much did we have to test and spend to get the variance?

Shaff: Almost \$4 million.

Leonard: We have -- commissioner Fritz we have discussed that excuse me, but ad nauseam here at council with everybody who has access to cable tv listening to that a half dozen times that I can think of off the top of my head.

Fritz: And that is it, that's why I understand why the .6 increase. I don't understand why the .4 decrease is all we get for not building a --

Leonard: Because we took the interstate building that was on the list to be replaced a decade ago, which we had taken off because of lt2, and I don't know if you've toured the interstate building I would urge you to do so -- it's a crumbling structure that needs to be replaced. We have important water delivery system pipes that were set aside not to be replaced and upgraded that should have been because of lt2 we're now able to do those things. Again, happy to talk about them, but they haven't been discussed in a vacuum, they've been discussed right here at council time and again.

Shaff: I have that information. I will get it to you. We have an email, we've gone through it before, we'll go through it again. It is I think fairly clear.

Adams: Ok, we're going to hear from our representative from purb and then the technology oversight committee. Sir?

John Gibbon: Thank you, mr. Mayor. My name is john Gibbon, i'm the west side purb representative. Purb process based on what we've had over the last few years, is in april we make decisions about sewer and water rates, and then we set a special meeting early in may to deal with the garbage rates because we know we're going to be dealing with a very short period of time. So in april we adopted a rate recommendation of 9%. We didn't feel that we, like everybody else, like the

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budget committee and everybody, we could have -- go to the ratepayers in the city of Portland and say, you have to take on 2% to shift over to paper-based moderately billings. What i've heard you talk about in terms of e-billing and keeping that rate a lot smaller than that, and if we get to 8.1, that's great, 8.2, that's great. Purb is in favor of that. We did get information both from bes and water bureau last week at the end of our meeting, about the rates based on the mayor's budget. But it does come in way after we've done our decision making, because we know our decision Making has to be based on solid waste in may. So that's why we have that problem there. I'd say that we've been given information from the water bureau on the capital programs that we are picking up, the interstate building, the emergency services, tower two, the carolina station, and we basically support those applications that that effort we recognize that there's a risk going into this in terms of the variance or the extension we're going to get from oha, but we've been briefed on that. We have tried to do some long-term planning that's listed in our report that urges the city to get back to doing standard cost of service formulas. I mentioned the lt2 requirement. We understand the difficulty, i'm not sure we – you know, these bureaus are the enterprise bureaus are, we have decreasing use, and that drives rates up. And that's a difficult thing for the community to understand. We want to do more work on trying to educate and respond to that, and we'd like to do that as a part of purb doing more. The other thing we want to compliment the city on is cpi reporting. I mean, with the budget note last year, we made a tremendous improvement on cpi reporting. We're urging that in the whole cpi that one of the things we think about, maybe as a budget note this year, is including specific description of how these individual components of the cpi respond to emergency preparedness so that people in that nice snapshot they can get on the CPI reports and idea why this project is going ahead from an emergency preparedness standpoint. And i'm here to answer any questions. I will say that mr. Mayor, I was -- I didn't attend last month's meeting because I was in chicago on a few days of vacation, and while I was back there I saw mayor emanuel pull back a huge water bureau – or a bond issue for sewer and water budgets, just jerk it out from under the 45 members of his council in one day and set off a bit of a firestorm, and I thought, and it was described as being something that was going to save the city of chicago a lot of money. Grab the paper the next day to read what that was all about, and they're going to do something with the bonding. And I didn't really get into it because every state is unique, but the thing I think we all ought to take away from it is, even with the thing they're going to do with the bonding to save money, the city of chicago is looking at doubling their sewer and water rates in the next five years. So that's what we're facing across the industry –

Adams: across the nation.

Gibbon: across the nation.

Adams: Thank you, sir. Unless there are questions -- sir, thank you. Your thoughts on --

Ben Berry: Yes I'm ben berry, ceo for air ship technologies group. And I also oversee the technology oversight committee for the city of Portland, of which we have five members. Back on may – April 12th, actually, I issued a letter to jack graham, chief administrative officer for the city of Portland. In regards to our concerns about the originally planned water Bureau monthly billing statements project, and in that we also reiterated in our may 2nd quarterly -- second quarterly report to the council, five areas. Number one was, we are concerned about a deferred – a deferment of \$5 million for deferred revenue, should the project go as scheduled. We were also concerned about \$1.75 million in stationery -- added stationery and mailing expense for the kind of monthly billing that would impact most of the citizens that would receive this service. We were also concerned about -- that there was no outreach, public outreach in terms of this major change coming and how the citizens might be reflected of that, could they actually have the opportunity to speak on behalf of this change. And then the other area was on the complexity of the project. As scheduled, given the schedule time, the time line for this schedule, we did not believe we would be successful at making those deadlines. Since having met with david shaff, just recently I think – I believe it was yesterday, we went back on the committee – of the commissioners to ask the toc to look more into

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our concerns in reference to how david was restructuring the project. And we're here to say that we're very pleased with what we heard. The major difference has been the move from mandatory to optional monthly bills. And so if you look at the area of the budget moving from a \$2 million project down to \$175,000 dollars, we think we've greatly reduced the overall cost of what we're attempting to do with the change. If you look at the technical complexity, we've also noted that the way they want to roll this out with fewer people being impacted will have less complexity for this particular project. Although there will be programming complexity that still exists, the project is now doable because the deadline has been moved back, the time line has been moved back. I believe the deadline now is late october, early november. And if you look at the number of accounts as david mentioned before, this would affect I think 180,000 accounts that we have here in the Portland area. So we had given the -- we had a discussion about should we in fact review this on an ongoing basis, and the toc has elected to do just that. We'll continue to have our discussions regarding this project on a monthly basis.

Adams: And just to clarify, the vacancies in the proposed budget are identified as vacancies related to monthly -- the implementation of the previous version of monthly billing, but that is -- was a carve-out of existing positions and that you would hire up -- was the idea that you would hire up a slightly different skill set? And so if -- but those were cleaved out of your existing pool of just call takers in general. Is that an accurate --

Shaff: The vacancies occurred and we left them vacant so that we -- when we knew what we were going to do with monthly billing, we knew where we were going to need them.

Adams: Is my summary accurate or not?

Leonard: Yes.

Shaff: I -- yes.

Adams: Ok.

Leonard: Yes.

Adams: I just wanted to make sure that --

Leonard: Yes.

Adams: I just wanted to make sure – I'm hearing --

Shaff: Yes.

Adams: That's what I wanted to hear. I wanted to understand because there's a lot of stuff moving around. All over the budget, I mean that's just the nature of putting a big budget together. Alright, thank you gentlemen very much. And now I'll ask the pbott folks to come forward. And then we'll take public testimony on any of these. No votes today. More comments from the public tomorrow. Welcome.

Alissa Mahar, Bureau of Transportation: Hi. Good morning.

Tom Miller, Director, Bureau of Transportation: Yes it's still good morning. For the record, Tom miller, director of transportation. With me to my right, Alissa Mahar, the senior business operations manager for PBOT, been on the job now for 72 hours. So, don't have a formal presentation for you. In light of -- unless it's relatively new status with us, I've got a number of staff, so hopefully we've got the right folks to answer whatever questions you all have. I'm just -- as a very brief reminder, we conduct an annual review of transportation fees and rates and charges, and we update our fee schedule as part of the requested budget submission and the mayor's proposed, of course. It is city revenue policy to recover full cost for services that we provide the specific users. So the proposed fee schedule you see reflects that council directed intent. We conduct annual service reviews and cost recovery analysis to ensure costs are incorporated into that fee schedule. So you all know all of that. Just a quick reminder – I think with that, I'll turn it over to Alissa and lets get to your questions.

Alissa Mahar: Yeah, so we're following the city's policies, the revenue policies on developing our costing methodology and our fee schedule. We've included our stakeholders, first the bac, and then we've also included the drac and the downtown retail council and the Portland business alliance and

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part of the fee development. And we plan to notify our users of the changes in fees in writing, also we'll post them at garages. We'll change the language in the applications for permits, and we'll make sure that we communicate with our key partner groups as well. So as tom mentioned, we have staff available today to answer questions that you have, and I know it's a lot of material and there are a number of exhibits. But if you have any questions, we're happy to answer them --

Adams: Well if I could just amplify on the -- we are, as I mentioned in my proposed message, we are increasing the fees on the downtown garages, the hourly rates, and we're doing that so that we can keep the marketing held harmless. We did consult informally with folks from the downtown retail council, so that money is being dedicated to marketing downtown. We've got some good indications, maybe circumstantial because it's hard to make the direct connection, but that the marketing that we've been doing through the recession, the increased marketing through the recession has served our downtown businesses well. So knowing we have to make deep cuts, we are raising the fees in the garages. The fees though that we will be charging businesses for the -- when they buy something it's called --

Mahar: User fee?

Fish: A sales tax. [laughter]

Adams: No, thank you commissioner Fish, that's very helpful. Adams proposes a sales tax. No. Validation, thank you, kim is back there mouthing validation. That will remain the same for this first year. So businesses will not have to validate hour fees at a higher rate. And this also allows for us to -- flexibility in raising the monthly fees and providing a little more flexibility to the bureau director so that we can be more fleet footed in responding to a particular garage, has a redevelopment right next to it and therefore is getting a lot more volume, this allows for the director more flexibility within certain parameters to be responsive to those kinds of micro market conditions.

Miller: You know it might be worth noting, that obviously we operate in the -- in a competitive business. We, you know, have competitors in the parking business, and demand is up in those garages. So for the reasons that the mayor just cited, we are proposing the rate increases that he referenced.

Fish: Mayor thank you. I had a chance to run a question by Catherine Ciarlo, and she said Alissa could handle this, it's a softball. And I should say that the flags are still at half mast at the housing bureau for Alissa's departure. Here's my question. The council has not yet made a judgment as to whether we're going to go forward with the northwest parking plan. The mayor has not yet announced what his time line would be if he chooses to bring it forward. So taking the politics out of the question for a second, because that's for the mayor to guide us at some point, my question is, what would be the impact on the proposed budget if the council elected not to go forward with the Northwest parking plan? I guess, in fairness, what would be the impact over the five-year forecast?

Mahar: So – and we had a communication that went out yesterday I believe to council offices that

Adams: Alissa, could you get a little closer to the microphone? Thank you.

Mahar: Yes. That hopefully provided a little bit of detail of the impacts on the transportation revenue. And so over the forecast, the net loss of gtr is \$2 million.

Fish: And GTR stands for?

Mahar: Gas tax revenue, or general transportation revenue.

Saltzman: Could you say it again now? The overall --

Mahar: So over the five-year period, the net loss in gtr is \$2 million.

Miller: So per the budget, we have, per the Mayor's direction, we have included northwest parking in the plan, if northwest -- to answer commissioner Fish's question, if northwest parking, if the program does not advance per your direction, then the financial impact over five years is again that --

Mahar: The \$2 million. Correct.

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Adams: And I want to be clear, i'm not -- i've not yet proposed anything, but I appreciate the question commissioner Fish, and getting it on the record, because if council chooses not to move forward, if I don't propose moving forward with it, then we'll change the budget accordingly.

Fish: And I guess the thing that, Alissa, I hear you say, it's not necessarily intuitive, but you're saying that if we don't go forward you're projecting a further deficit in your five-year forecast?

Mahar: That's correct.

Fish: And again, just for -- in layman's terms, could you explain why that is?

Mahar: Because we're projecting 3.3 million in revenue over the five-year period, and so if you don't get the revenue in, then you can't cover your costs, and so your savings are really – you know, gtr are pretty small initially, and then over the five years you're going to forgo a lot of revenue if you don't have those revenues in place and coming in to cover the cost.

Miller: So if I may, year three is the sweet spot -- that's when it turns from liability to asset from a financial standpoint.

Adams: You pay for the up front costs.

Mahar: Right. In the first year we have the 1.3 million that comes out of gtr, and then by year three, we have already paid that kind of obligation back to the gtr and then we have net revenue that we can share with northwest parking.

Adams: We don't do long-term bonding for parking meters, we go on a pay as you go basis?

Mahar: Correct.

Fish: Ok. Thank you.

Adams: Thank you.

Saltzman: I had a question. I apologize if this was discussed while I was out of the room for a second. But I know you've talked with me about this before, I want to make sure that -- I feel very strongly and we dealt with this when we came up with the surcharge on parking around -- it's not pge park anymore -- jel-d-wen, i'm sorry, that if the council retains all review and approval of any increase in parking meter rates, so nothing is affected by this ordinance and the discussion about the transportation director being able to set maximum rates for the smart park garages. So I just want to make -- I'm trying to make sure that -- so council -- it's still council's prerogative to approve any increases beyond the current four-hour minimum at smart parks,

Miller: Correct.

Saltzman: and beyond the maximum rate, okay, and that at all parking meters, all require council approval? Is that –

Miller: Correct.

Adams: Correct. There is some – before you came in I explained there is some micro -- on a garage by garage basis, there is the ability of the director to make some changes within a parameter, because for example the alder -- the third and alder garage suddenly we were maxed out in short-term parking because we had three new shops go in, four new shops go in across the street. So there is more of that micro-latitude for the director just on parking garages. And just within the parameters outlined in the exhibit. But street -- on-street parking, everything else, all that still has to all come back to council.

Saltzman: And any increase in the four hour rate I thought this says also needs – council --

Mahar: Up to four hours?

Fritz: That is not my understanding of what your proposing.

Mahar: If it's up to four hours has to come back to council. Five hours and beyond cannot up to the maximum that's identified in the exhibit.

Fritz: In the garages.

Mahar: Correct.

Miller: Correct.

Adams: Just in the garages? So we can respond on a garage by garage basis when we need to. Right now, with the recession, we've taken more monthly parking because they were empty, but

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now we need to move the monthly parking people out, our preference is to be able to do that on a year by year basis, as compact and be memorialized in the budget. And we need to make clear that when we're doing that -- but between a year we want the ability of the administrator to make just on the garages only, the ability to within the parameters outlined in the exhibit to be able to be more responsive than – I mean it took us too long –

Miller: Market conditions that's right.

Adams: Yeah, it took us too long to be able to --

Saltzman: No I understand the more responsive – with respect to monthly parking versus hourly parking split, but I think we did approve that flexibility. But i'm just trying to make sure that any increase in the four-hour rate, which primarily is four shoppers, would require council approval, anything beyond the change in the four-hour rate.

Adams: This allows -- the one hesitation I have –

Saltzman: You can get back to me too.

Adams: I will get back to you. I think the one hesitation is this does give the administrator the ability to also raise the monthly rate on garages without having to come back to council.

Saltzman: Yeah, no, and I'm fine with the monthly rate.

Adams: Ok.

Saltzman: I'm talking about the people who want -- the places to say, you can only park in this spot for up to four hours, and there's a rate, you know a smart park rate. That any increase in that has to be approved by council.

Mahar: That's correct.

Adams: Could you introduce yourself and answer our question.

Michael Jacobs: Yes. For the record, michael Jacobs, I'm the garage manager for pbot. And you're correct; commissioner Saltzman, any rate increase to the hourly rate for the first four hours would have to come back to council for approval.

Saltzman: Ok. Thanks.

Adams: Thanks. Appreciate that. Alright, thank you. Oh, I'm sorry, go ahead.

Fritz: Thank you. So the budget shows a projected \$1.4 million in additional revenue from the garages. Do you have a projection as to where that might come from, or how that might be done?

Alissa Mahar: If the garage is generating approximately \$1.2 million, the difference between the number that you have the 1.4 and 1.2 is primarily the area parking permit program, if there's an increase in that charge. The fees are coming from a variety of places that are listed in the exhibit. So it's the week day, all day, the monthly, those rates are what are generating those funds.

Fritz: Ok, thank you. And then on a different topic, i'm getting emails from constituents about the change to the automated garages. And could you remind us what savings we're getting for that and how that comes into this budget?

Mahar: That is a question I don't have the answer to. But possibly ---

Fritz: If you have the answer off hand that would be great.

Jacobs: To make sure I'm understanding your question --

Adams: She's gotten complaints on the automation. Why are we doing it and how much money do we save? Is that fair?

Fritz: Yes thank you.

Jacobs: I would have to get that information to you. I can get that information to you quickly.

Fritz: Ok, that would be helpful to figure out how that is factored into this budget. I think those are my questions. Thank you.

Adams: All right. Let's go to our sign-up sheets unless council has anything more for this panel? Thank you. So why don't you just call on the first four of the four sheets and go through it that way. **Adams:** And a programming note, we'll take a quick budget break after we get the public testimony. And then finish up our morning agenda. Do we have a fourth person? Call another name. Alright, Mr. Crawford would you like to begin?

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Kent Craford: Sure. Good afternoon my name is Kent Craford, i'm with the Portland water users coalition. Rising water rates threaten jobs, families, and the livability of the city. While we appreciate the mayor's efforts to curb the requested rate increase for the Portland water bureau's rates, 8.1% is still too high. We're asking that the council reject this Orwellian logic that a decrease in the rate of increase is really a savings. We started at 14% now we're at 8%. Well that's great, but when people get their bills, and their rate has gone up by 8%, they're not going to be congratulating you on your efforts to get the rates down.

Adams: I forgot, I'll give you a little bit more time. I forgot to do my usual disclaimer, you've got to disclose if you're a lobbyist and who you're lobbying on behalf of.

Craford: I am a lobbyist on behalf of the Portland water users coalition, which is a group of large industrial and commercial water customers. There's three specific areas where we think you, can make savings in this budget, and therefore curb the rate of increase if not eliminate a rate increase over the coming fiscal year. First, 186 million dollars has been stripped out of the five-year capital improvement budget. Almost \$200 million thanks to the delay of the reservoir and treatment projects which we appreciate your hard work on. But please don't make that a hollow victory by allowing the Portland water bureau to backfill their five-year cip with new projects that we do not need to do in the next 5 years. Second, the issue of these vacancies, 40 vacancies, 50 vacancies, 34 vacancies, whatever your number is, the point is, is that money is being spent every day on those positions even while they're vacant, some for up to a year. And director Shaff says, well we're going to be eliminating six vacancies by the end of this year, well that means that for the next seven months we are going to be funding those positions, even though we know the positions will be eliminated by december 31st. Why are we spending this money when we know those positions are being eliminated? This -- these vacancies are tantamount to a slush fund for the bureau to spend on other projects. Finally, the idea of a no-cuts budget, when every other bureau is cutting their budget, when residents and businesses are hurting with a prolonged economic recovery, it's just astonishing. The hubris of this bureau that they are entitled to a half billion dollar capital budget, they are entitled to a 14, 11, 8% rate increase, they are entitled to a no-cuts budget, they're entitled to maintain 50 vacancies, is just completely out of touch with where Portland ratepayers are now. I ask you to please reject this 8% rate increase.

Adams: Thanks. Hi, welcome.

Regna Merritt: Hi. My name is Regna Merritt. I'm here representing Oregonian Physicians for social responsibility. Among other things we work to protect the bull run watershed and clean affordable water. The good news in the Portland water bureau's budget is that the construction of the bull run treatment plant is not included. And thank you for your support in securing the variance for the treatment of cryptosporidium. The bad news is, that it's a very fragile agreement with Oregon health authority characterized by david shaff as a three strikes and you're out variance. That is we could have only three detections of crypto even crypto that's not infectious to humans, and be forced to build. Therefore it is very critical the city council members do everything you can to ensure that we do not introduce any crypto into our bull run watershed and that we're not forced to build a treatment plant in future years. In terms of the budget and rates, we know the Portland water bureau spends over \$300,000 dollars a year on classroom and in-watershed activities, educational activities. Some of these activities are laudable, others bring risk to the watershed. The highest risk in our opinion is that activity involving children and adults handling equipment that has submerged in water upstream of our intake. As you know, crypto in humans can be spread by exposure to swimming pools, fountains, and day care centers. Children and their parents may unknowingly be exposed to crypto through travel, or by people traveling to Portland. They may have crypto and not know it. They may have an episode of a gastrointestinal up set or diarrhea, get better, feel fine, and yet shed o-o-cysts for two more weeks. Therefore they can be feeling fine, have o-o-cysts on their hands, handle equipment, transfer o-o-cysts to the equipment, place the equipment in the reservoir, and transfer crypto to the water. While there is a very low risk of

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detecting crypto at the intake from this source, remember that the level and intensity of monitoring has been dramatically increased under the terms of our recent variance. So it is not impossible that this program will introduce crypto and that it will be detected. If there is a single detect from the source, it could be one of only three that would force the city to spend \$90 million on the construction of a treatment plant, therefore the council should not support this specific activity which increases risk. So I'm asking you please do not fund this specific activity which is a tiny portion of the budget, or fund it with explicit requirement that the location of the activity will be changed so it cannot possibly jeopardize our water or our rates. For a very tiny amount of the budget here, we are, you know, endangering -- we may be forced to spend \$90 million in the future.

We would be happy to provide the Portland water bureau with information about an alternative, stunningly beautiful, location where this activity can be safely pursued. And i'll say hope you will seriously consider the comments of our community partners who are also testifying. Thank you.

Adams: Hi, welcome.

Tom Keenan: Welcome. Thank you commissioners, tom keenan, Portland bottling. Appreciate being able to speak again. Freezing the water budget is a no-brainer. An in actuality it should decrease. I liken the water budget to health insurance rates increasing year after year after year with no end in sight. If a manager came to me with that budget, I would want to ask him, what planet are you from in this recession and this era where we are having a hard time meeting our budgets? The water bureau is bloated. 35% increase in full-time employees over the past six years. It hasn't decreased. Everyone else is decreasing. Water usage has decreased for 26 straight years. And I understand the theory of that certain -- the capital improvement will increase rates, but I disagree with the fact that other things need to increase. The savings in the water and reservoir, again, congratulations for working on that, we need more to do. 186 million, cip then we had over 100 million back. And these are items that were not in the five-year plan six months ago. Debt in the water bureau is ballooning over the next 10 years. It's going to be outrageous and we need to plan for that. You know, we've just -- everyone else has mentioned about these unfulfilled positions. What bothers me most is that we're paying for these unfulfilled positions for overspending in other parts of the bureau. That's just bad management, plain and simple. At Portland bottling, 70% of our product that we produce is water. Mayor Adams has asked to have -- see an increase in exports.

We signed a contract in february in which we have increased exports \$5 million a month to japan. This will pretty much eliminate us from continuing that because it goes right off our bottom line. That contract is signed. I don't get to change that. That's what's there. Commissioner Leonard's statements notwithstanding, the water bureau spending has been both legally and morally wrong in using it for things that are not part of the water bureau. It's a legacy of this commission, commissioners and the mayor to change the way we are budgeting in the water bureau, and I thank you for your time.

Adams: Thank you, sir. Next four. Oh, Floy, I'm sorry. Ms. Jones.

Floy Jones: Good morning, Floy jones, I'm with friends of the reservoirs. And I too would like to thank you for submitting the request of the Oregon health authority to remove the reservoir projects from the budget for the next five years, although we supported a much longer delay in that project. I attended a meeting in d.c., an epa meeting on the open reservoirs on april 24th, and there was some promising discussions, some discouraging discussions, i'd be happy to brief any of you on that meeting. I'm sure you've spoken with david shaff about it as well, and if not, you should. But i'm very concerned as are all citizens about this 8.1% rate increase. If you proceed with that, that will mean that since 2008 our water rates will have gone up 63%. And i'm sure there are very few people in the community who have seen their incomes increase during that period of time. And we don't think the comparisons between other utility services like cable services or cell phones make any sense. Water is an essential service, i've never had cable service, I don't have a monthly cell phone bill. But I do have to have water to survive, and you need to consider that. There are many people struggling in the community. In 2007, the water bureau provided the budget advisory

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committee of which I was a part at that time with a chart showing the staffing level for the water bureau. At that time it went back starting about 1999 through 2007 and for the majority of those years the staffing level was in the 400 range, 400 employees. And so the increase isn't solely related to customer service leaving the bureau and coming back into the bureau, and with all the other bureaus making substantial cuts, having participated in the water bureau budget process every year for the last eight, nine years, and having independently examined many other documents related to water bureau management, I think they can stand to see a few cuts of these vacancies. And I support the comments of all of our other community partners. Thank you.

Adams: Thank you all very much.

David White: Let me start – oh, I'm sorry. My testimony is regarding agenda item 508 the solid waste and recycling rates. Mayor Adams and council members my name is David White I am regional representative for the Oregon Refuse and Recycling Association. And in that position I represent a county council which is made up of Portland's residential solid waste and recycling companies and I have some brief comments today regarding the ordinance I just mentioned. 2011 was a significant year for the city, it's residents and the city's haulers. After a year of study and planning the residential food scraps and every other week garbage collection program was implemented. Portland haulers assisted this in the development and implementation of that program. While we are all still working towards the programs success the results so far have been impressive. Portland haulers have also made a significant investment in new trucks as required under the city's clean fleet policy. While this result in reduced emissions and improved fuel efficiency, it comes at a cost. These purchases are responsible for a substantial portion of the proposed average monthly increase. Also contributing to the proposed increase is the metro tip fee and a projected drop in the value of the sale of recyclable materials. All of those factors impact the cost of collection but the residential haulers are committed to looking for ways to increase their efficiency and contain their cost. And they are doing so in a way that allows them to achieve their goals, of excellent customer service, sustainable results, and operational safety. And finally, I want to express our appreciation to the Portland Utility review boards. First of all, their review and thoughtful analysis of the proposal and then their support for the proposed rates. Thank you. And if you have any questions, I will be glad to answer them.

Adams: I just want to take the opportunity to thank you, personally, to thank your members, to thank the folks that receive our recycling and composting materials. I mean, it's been – you know, this is a significant change. And it's a change that has, actually, saved us money, which we didn't necessarily anticipate. And otherwise, would have been higher increased fees, and you and your industry have been incredibly helpful, in helping to get the word out, and really, making the program work thus far, and I just want you to know how much I appreciate it.

White: Thank you.

Adams: Ma'am.

Nancy Newell: Yes. Nancy Newell, I live in Portland, for about 25 years now. I am representing the citizens for Portland's water, have been for a while now. And very interested in not having any rate increases. I don't think it's justified, and I have a charge here which, unfortunately, I couldn't pass out to you because I had technical difficulties on printing it, but I will get it to you. But I do have a summary that I wanted to read to you that we should not have any rate increase at all. These charts show that rates and the accumulation of dollars have changed since 2000. The basic formula, if you are unfamiliar, operating revenue, which consists of water sales plus a small amount of interagency and miscellaneous receipts, which add up to \$5 million 400 thousand to \$10 million 380 thousand based on the year. A fairly small part of the total to have much affect. So you take operating revenue minus the operating expenses direct, and you get net revenue. In 2000, this was enough to pay for the small debt service of 13 million and have a 2 million rate stabilization account. One note says they used 3% as a goal. It stayed at 2 million for years. Then in 2004, the cash account, which was \$25,219,000, in 2000, noted as being there as a cushion, that was used as

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rate relief if there was a surplus, is no longer noted as having that function any more. The graph shows that rates are increasing the primary cause of higher operating revenue but it isn't operating expense that is the reason. Through 2011 it will have increased that less than 2 million per year so just using the 2 million in the rate stabilization, should have been enough to maintain at the current level. The increased funds are being channeled into debt related accounts. Sinking bond fund where the annual dollar sits until paid, rate stabilization, which was 2 million, in 2000, increased to 39,180,000 in 2011. If you add that to the debt service that year, of 31,944,000, then you get the 71,124,000 just sitting there. It's almost a whole years worth of operating expense so, it is definitely not driving up rates. Debts are. Also, if you figure out net revenue and divide it by the debt service then it has to be greater than 1.75 to have a good ratio for bonds. So, as debt service goes up then it also drives up rates further to maintain that ratio. Also the debt we have is for construction related reasons and is dedicated as such. Money can't be borrowed for the operation of the system. And increased debt service also drives rate increases and means there is little to no money to take care of the system, if rate increases are trying to be minimized, I have very little time left but my point I want to make is we have a 100-year-old system that's done very well, and we've had a jump in rates due to things that we don't need. It's time to stop, I have a conflict of interest case that's going forward on the 35 million project that you fully approved, up at the headwaters. And it's going forward even though my case is still being heard, and we're having oral arguments on conflict of interest. So, the public feels denied in many ways and the public hearing never even had the topic of water at montgomery park, so please wake up, and give us a chance and listen to us. Thank you.

Adams: Thank you very much. Sir.

Myron Burr: Hello, my name is myron burr I'm with Siltronic corporation here in Portland. And you have heard a lot of numbers today, and you know, kind of all of them are very important, but I only want to talk about one number today. And that's 350. 350 family wage jobs are going to be eliminated this summer from our manufacturing operation. They are blue collar workers for the most part. And if you have ever been in a manufacturing setting, you know that these people have highly skilled, but it's very narrow so, what are these people going to do? I mean, they don't have those same kind of jobs out there for these people. There is nothing for them to go to. So, they're - some of these people have been there for 20 or 30 years, they expected to retire with the company. They won't be able to. They expected to put their children through college, those dreams have evaporated. So, I have to ask you, we're talking real jobs, we're not talking vacancies, you know. I mean, these are real jobs. So, i'm like, some organizations – Siltronic cannot pass through cost increases or rate increases the customers, will go elsewhere. Our only options are to cut internal costs, or close the doors. And send people home. You can tell, it's kind of an emotional thing for me, but, a lot of friends, families, people that, you get to know, and they are gone. I mean, you know and, the Mayor's opening remarks about the budget were, jobs. Job creation, job preservation, rate increases don't create jobs, they kill jobs. This is a very good example of that. So I have to ask you, you know, what are these people going to do? What are you going to do? Are you going to pass more rate increases and kill more jobs in Portland? [applause]

Adams: Are you suggesting that the layoffs are because of the proposed water rate increases?

Burr: No, it's the cumulative effect.

Adams: Okay, just checking.

Burr: As we discussed, they've gone up by numbers again. Hundreds of percent over the past --

Adams: Cumulative effect of a variety of things?

Burr: Of a variety of things.

Adams: Ok.

Burr: You know, we talked about them.

Adams: No, no, I just wanted to --

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Burr: A variety of things. Can't pin it on water, but sewer, garbage, health care, you name it. It's very expensive to do business in this city.

Adams: I just wanted to be clear, right. Thank you.

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

Adams: Alright, so these move to further –

Moore-Love: I have a substitute on the --

Adams: Yeah. These move to further consideration and we have a substitute on item number 08, right?

Moore-Love: Yes 508.

Adams: Yeah, so I move the substitution.

Fish: Second.

Adams: And the changes are what on the substitution? Can you come forward quickly? We don't have a lot of time.

Michael Armstrong: The substitute adds the commercial fee increase. The ordinance was originally drafted inadvertently omitted that piece, it's the same as what we discussed with purb. It simply hasn't gotten written into the ordinance.

Fritz: Which item is this on?

Armstrong: This is 508.

Adams: All right. I call the vote on the motion to substitute.

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

Adams: Aye. Substitute is [gavel pounded] approved.

Fritz: I have a process question. When is the appropriate time to propose amendments? We've heard a lot of information today, and some of it, the responses to questions, staff is going to get back to us. When will council be able to propose amendments to any of these ordinances?

Fish: Mayor Adams, I've checked with council on that.

Adams: Ok.

Fish: And what I have been told and our esteemed counsel is here, is that we have two options. We can either bring amendments with an emergency clause attached at next week's meeting to coincide with the adoption of the budget. Or, the counsel is still not prepared to come together around a proposal, we can take amendments and still vote on it on the may 30th date, which is the last date in the budget calendar for this to be effective. So, we have the opportunity to address them next week by emergency ordinance, or by a regular amendment and the final submission, the final package voted on the 30th at the latest.

Fritz: Thank you for the clarification, and then some more information that I would like from the water bureau, as soon as possible, is on the question of the interstate facility. Because my understanding is that we took the rate up, to .8% last year for interstate specifically, so I'm -- and the cost of interest is I think \$48.5 million. So I am still not understanding why the rate has not gone down more than .4% from not doing the ultraviolet system. So, I would appreciate, and maybe what you could do, director Shaff, is to get me from 2010, each year, a summary of the breakdown of the rate increases, and how they were affected by decisions made through the year. Thank you, again for your responsiveness, you've certainly been very helpful to me and my staff.

Adams: Alright, we're in recess for, what, 15 minutes? [gavel pounded]

At 12:40 p.m., Council recessed.

At 1:06 p.m., Council reconvened.

Adams: Alright, city council will come back from recess. We have commissioner Leonard here. Could I have the chair of the Portland development commission and the president of Portland state university, the best urban university -- hey, look at who's here. The best urban university in the united states.

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Fish: Certainly in the county. I had to get that in for one of our partners. [laughter]

*****: One of the best faculty members in the county is that?

Adams: That's -- there you go. Is someone going to retrieve commissioner Leonard?

Moore-Love: Yes, they have.

Adams: Well, how's retirement life?

*****: Busy.

Adams: Really, what are you teaching?

*****: [inaudible] budgeting.

Adams: That's a hard one. And a lets see, what level of course?

*****: Masters.

Adams: Masters, so 700, 600? Whatever that is. Are they good? Yeah, alright, city council will come back [gavel pounded] from recess. We'll begin with -- going through the votes, items 537 and 538. Can you please read the titles?

Item 537 and 538.

Adams: If I could, just ask my colleagues, let's save our comments until after the vote on 538. And we'll allow to you comment on both. Can you please call the vote on 537?

Fish: Aye. **Leonard:** Aye. **Fritz:** No. **Adams:** Aye. [gavel pounded]

Adams: 537 is approved. Can you please call the vote for item 538?

Fish: I want to begin this afternoon's discussion by acknowledging the folks who brought us to this point, president Weiwei with us sitting at the dais. And president chair of the Portland development commission, Scott Andrews, executive director, and his very capable team, folks from the mayor's office, mayor Adams and my colleagues. This has been a fascinating discussion, for me to participate in, the formation of a new urban renewal district. And I think that the debate has been robust, and provocative, and frankly, highly informative. And I appreciate hearing from all the voices that brought us to this point. For me, however, this comes down to a question of balance. And I see three, at least three compelling reasons for us to move ahead with this proposal today. First, it supports the work and mission of Portland State University, which is a great public urban university in our backyard. And I believe all of us up here would agree that the, one of the keys to our future prosperity as a city and region is a healthy and dynamic Portland State University. And I would be remiss if I did not say that in part, what we are doing today, is offering our strong endorsement for the leadership of doctor Weiwei, who in my opinion, and in the opinion of the mayor and my colleagues, has taken this urban university to the next level. For me, that's the first and most compelling reason to support this district. The second is that in creating this district, and over the life of the district, we will set aside millions of dollars to address an affordable housing crisis in our community focused on downtown. By some estimates we may have as much as \$46 million over the life of the district. Guided by our 30% set aside and the commitment to work with our partners and to listen to the public. We intended to make wise decisions with that money, focusing on people who are left out of the market. But frankly also looking for opportunities to marry affordable housing and a unique district in proximity to a great university as someone who is now over the half century mark, the idea of sometimes in the future living in an affordable home that's adjacent to a world class university, has some great appeal. We have, of course, committed to being collaborative and transparency in the decisions that we make as always. And this fall, we will begin a public conversation, a community conversation to establish some basic framework and guide lines that we will use to make funding decisions going forward. The third compelling reason and one that I think is important, both procedurally and substantively, in this regard I tip my hat to both mayor Adams and commissioner Leonard, who have a much deeper history in this area than I do. This is a unique, and perhaps, the first example of a truly collaborative formation of a district, where other taxing jurisdictions have joined with us to form the district and establish some priorities. And I believe that it is -- it is very much in the spirit of the deal that was struck in Salem, that both Portland public schools, Multnomah County, the city and the university have come

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forward and said that this is a good idea. That is what was intended, and this is, the first and most conspicuous example of that collaboration. To those who say that urban renewal is not the perfect tool. I think that we could agree with that. I don't know that we have a perfect tool. Tax abatements are a tool; they are not a perfect tool. Tax increment finding is a tool it is not a perfect tool. We all wish we had more general fund dollars, and that's not likely to happen in the near term.

The ultimate question, is are we prepared to make some critical investments, targeted investments in our community, to grow family wage jobs, create prosperity, so that down the road, the pie is bigger for everybody. And are we willing to make those tough decisions today for a better tomorrow? That's what it comes down to. I respect the arguments on all sides of this, but I have concluded that on balance, this district and the formation of this district is in the best interest of the city, as a whole. And so today, I proudly cast my vote. Aye.

Leonard: As I mentioned last week, the state of Oregon, through a series of ballot initiatives, has literally slowly strangled the public school system, and when I say that, I mean kindergarten through the eighth grade up through high school, community colleges and its universities. We have, rightly or wrongfully become overly reliant on the income tax to fund the public education in Oregon, as property tax have been limited to fund education. The creation of this urban renewal area, and I'm glad that Lindsay Desrochers is here because she had a huge part in making this happen, so I am glad to see her in the audience. The creation of this urban renewal area does two things. It creates short-term jobs, construction jobs for the development of the projects that have been identified. And two, creates long-term investment that will increase the value of the district beyond what it otherwise would be bringing more property tax revenues to, local government and schools, but more importantly, I think attracting jobs here because of the investments that the university has made and will continue to make based on research and development and cooperation as other universities around country have experienced. And this is a natural, wonderful partnership between the city and Portland State University that, on a variety of levels, I am, not only proud of, but particularly, proud to have been a part of on a number of levels. And I think that, this is another one of those examples that is becoming increasingly harder in our political world. And, and it's to my dismay, where we have people of vision, mayor Adams, doctor Weiwei, and certainly, chair Andrews, who bring together the -- not only the experience and the depth of knowledge required to see what this kind of investment can bring to us in the future, but are willing to actually stand up and say so. Politically and publicly and take the political heat for it. My role here is pretty easy; all I have to do is vote. But I have been involved in the creation of projects and I have been involved in the creation of number of issues that have been subject to some public debate, so I appreciate where you find yourself, but I also recognize that without leaders, like the three of you, Portland wouldn't be where it is today, and I predict with the fruition of this urban renewal area, will be even greater in the future. So, I tip my hat to you, and I wish that I could do more than just vote yes, but that's my role here today. Aye.

Fritz: Well thank you, everybody, who has worked so hard on this for so long, and I, of course, support higher education, especially with the unique opportunity that PSU offers being already the largest university in the state, and the only urban university in the state. Truly PSU does live up to its vision and its mission and the motto of let knowledge serve the city, and I appreciate all the partnerships, and the economic development that Portland State University is already bringing to our city. And I understand the benefits to this university, and agree with president Weiwei when he says that to be competitive in a global economy, the metropolitan area needs to be more innovative, more creative and more entrepreneurial. School funding issues for higher education and K through 12 education continue to be exacerbated by measure 54750 as commissioner Leonard has so helpfully outlined. The legislature refuses to act to resolve the inequities and the reoccurring shortfalls and that is perhaps the basis of why this measure is necessary, in the eyes of some. I am tired of the Portland citizens and taxpayers correcting that problem for the whole of the state, as well as for our region. There is certainly plenty of value for each of the stakeholders in this urban

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renewal district. There's the obvious value for PSU with additional money for both private and public construction projects. There's a value for Portland public schools to have money to rebuild a school and stimulate private development on that property. There's value for the county that they will get a human services building, and then a reduction on the rental costs, and heightened campus relationship with Portland state university, there's an incentive for the city that gets \$46 million for affordable housing in a needed location in the city for that purpose. And there's an incentive for the Portland development commission, not only furthering its mission of development of business but also \$24 million in administrative staffing and overhead costs. There are compelling reasons to support a regional university like Portland state university. Specifically, Portland state university. The synergistic aspects of this school with Oregon health and science university. The business innovation, community research, outreach programs, and government research, and joint ventures which I certainly appreciate that we continue to do those, in providing accessible high quality, higher education for the surrounding region, and a growing number of students. But those things are happening, whether we do this URA or not. We have already invested in streetcar and light rail to provide the development incentive for private business' as we heard like the residence hall that is a private enterprise with another one planned. I believe there are two fundamental problems that need to be fixed, or that I can't support this proposal on. One is the interpretation of blight in the proposal. I think it's very weak, and that same argument could be made for other areas of the city that have not yet had a turn at urban renewal. Secondly, and more importantly, the citizens and taxpayers of Portland are foregoing \$64 million in taxes that would normally be redirected back to the general fund. And it's to benefit a purpose, which is fundamentally the state's responsibility to fund, and one which benefits the whole region, not just the citizens and taxpayers of Portland. We're already cutting back to the bone in many of the service areas like public safety, parks and transportation and community involvement. And to do this we are increasing the city debt at the expense of the general fund, and each year, less goes to the general fund and more goes to paying off this debt. If you take the present value of the money lost in the foregone revenue over the life of the district, we only then gain in 2046, \$507,000. It doesn't make sense to strap current and future residents with that debt and reduction in city maintenance and city services. I do applaud psu and what is – what you are [inaudible] to accomplish as a regional and state university. I believe that you are already well on your way if not there in delivering what we need in that regard. My responsibility is to all the taxpayers of Portland, to fund, basic services in all 95 neighborhoods. And so, while I appreciate what president Weiwei and chair Andrews and indeed mayor Adams for their leadership on this proposal, I must respectfully vote no.

Adams: Well, I want to thank the majority of the council, who is in support of this. I think that, and acknowledge the respectful disagreement with commissioner Fritz. I think that Portlanders will look back on this day as a real watershed moment, a turning point in making a good university great. And, you know, I would say to NYU, New York University, look out because that's PSU close on your heels in becoming the best urban university in North America. And that takes an investment. And I appreciate the comments that, you know we can wait for the state government to figure itself out, and in the meantime, as PSU goes, so goes the city of Portland. We will molder, we will skate, and we will continue to, you know, glow in the, in the positive national attention that we get right now, but unless we are moving forward and unless we are innovating unless we're investing in a better Portland constantly, then we're going to fall behind. Folks were just not a big enough population center to make it on the momentum of size alone. We have to be agile. We have to be fleet footed. We have to be very strategic. And there are few panaceas in a person's life for -- that will ensure their success, and in fact, there are none, but the one that comes closest is education and skills training. And while it's true for the individual, it is also true for a city and a region. And every time we make a smart, strategic investment, in education, especially higher education, we see huge payoffs. The \$46 million, of urban renewal investments in OHSU in its short time, have leveraged over \$400 million in other funds. And the money that we are putting on, that we are

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putting to work, for the good of Portland state university, and the university district, will leverage a like amount, if not more. And together, these investments put real, real effort behind the platitudes of education is important. Well if it's so important, you have to invest in it, and you have to make, as commissioner Leonard said, sometimes some controversial decisions. But, investment doesn't -- you have to find the money. You have to invest it. So I want to thank the members of the council for that. I want to thank president Weiwei, I want to thank chair Andrews, the great folks of the Portland development commission, the great team there, the great team at Portland state university, that's been at this quite a while, I'd like to thank Peter Parisot in my office who has been working on this for long time, again, this is an important day, not just for Portland state university, its a very important day for the future health of this city. [gavel pounded] Aye.

Adams: It's done. Yeah.

Weiwei: Thank you. Thank you very much. Could I have one minute –

Adams: Please.

Weiwei: -- to say something? I've written a couple of books on university real estate development and their cities. And one conclusion I walk away with from those books, because I talked about both projects that succeeded and projects that failed, and it's sort of a miracle anything ever gets done or built. Because there is so many ways that things like this can go wrong. There is so many, competing needs for any dollar that a public body allocates in any way, shape or form, there is so many things that cities need, that you can argue about. So, I know how much perseverance it takes, and indeed, courage it takes on the part of many people to make these things happen. So I really want to thank, of course, the mayor, the other members of the council, and I respect commissioner Fritz's arguments, even if I disagree with them. But I appreciate your kind words about Portland State and I look forward to continuing to work with you. Obviously, our colleagues at the Portland development commission, have done really so much of the work, and chair Cogen and the people at the Portland public schools who have done a good job stepping up and providing the correct information, even in the face of so much misleading information. And again, I want to emphasize, and that's why it's good that Lindsey is here, because she herself has played a big role but I think that she also symbolizes the fact that we're only able to do this because of all the work that so many people, both in the city, and Portland state, has been, have been doing over the past decades, really.

That have made this university truly worthy, of the support of the city because it's the work of the faculty and the students and our staff that every day, shows how, higher education matters to the city, to the region, and to its economic prosperity, and I am just fortunate to have been able to be here at this period, with this mayor, with this council, to be able to bring it to this stage, and I can assure that you that within the institution there is going to be a lot of excitement, about this, both for the substantive benefits that it will bring to allowing us to pursue our mission, but about also, because of the symbolic significance of this kind of a vote of support. So thank you all very much.

Adams: Thank you. All right. Give yourselves a round of applause. [applause]

Adams: All right, democracy moves on. Right. There is a 2:00 time certain. All right. Can we please read the title for the 2:00 time certain?

Fish: Oh, Sam, I'm sorry it's 1:30 now.

Adams: Oh, ok. Ok. Can you please read item number 533?

Item 533, 534 and 535.

Adams: Hi. What are we looking at here?

Bob Del Gizzi, Portland Police Bureau: Good afternoon, commissioners. My name is Bob Del Gizzi. Business operations manager with Portland police bureau. There are three items in front of you. 533, 534, and 535. They are related.

Moore-Love: Do you want me to read those other titles?

Adams: Please, thank you.

Del Gizzi: The police bureau wishes to apply for the U.S. Department of Justice Office of Justice Programs, Bureau of Justice Assistance, for the Edward Burn Memorial Justice Assistance Grant

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program, fy-12, local solicitation to prevent or reduce crime and violence. This public governing body review of the grant application and the related intergovernmental agreements in item 534 and 535, provides an opportunity for public commitment and involvement, which satisfies a solicitation of requirement of the justice assistance grant. The edward burn memorial justice assistance grant program fiscal year 2012 local solicitation funds were made under disparate certification to the city of Portland, Multnomah county, and the city of gresham. The justice assistance grant solicitation requires the city to submit a joint application for the aggregate eligible allocation to all desperate municipalities and also to act as fiscal agent for the grant. Intergovernmental agreements must be executed with Multnomah county and the city of gresham in order to obligate agency rolls and responsibilities, and these are addressed in items 534 and 535 on this agenda. The aggregate amount of the justice assistance grant solicitation is \$502,012. There is no match requirement. The application is allocated as follows, the city of Portland will receive \$246,539, Multnomah county will receive \$193,707. And the city of gresham will receive \$67,766. Out of those awards they will be spent in the following ways. Portland police bureau will use \$246,539 in the justice assistance grant fundinf for the following two items. The first is to retain one fte police lieutenant position for 12 months to ensure city compliance with outside audit recommendations and ensure bureau compliance and documentation of internal review recommendations at a cost of \$106,539. The second item is to contract with a local service provider to coordinate treatment, temporary housing, counseling and training opportunities for individuals involved in prostitution related offenses at a cost of \$140,000. This will be a component of the east precincts prostitution coordination team which is a multi-disciplinary partnership that includes police, parole, probation, and Multnomah county district attorney's office, and the Multnomah county sheriff's office, as well as local treatment providers. Multnomah county will use \$193,707 in justice assistance grant funding for the following three items. To retain .51 fte of a neighborhood deputy district attorney for 12 months at a cost of \$64,569, to retain .54 fte position for a parole and probation officer for 12 months at a total cost of \$64,569, and to retain one fte corrections deputy for 5.8 months at a total cost of \$64,569. Finally, the city of gresham will use its \$61,766 in justice assistance grant funding for one fte police record specialist for a 12-month period. At this point, I can take any questions or if there is any public comment.

Adams: Questions from council. Commissioner Saltzman.

Saltzman: So, and this is kind of a broader question that you may not know the answer to, but the prostitution coordination team, I know during our budget sessions, a couple of us were interested in the life works contract. And I know there was supposedly a short fall in either jag grants or something that the chief said he could make up that difference. So, has that difference been made up?

Del Gizzi: At this point, it is my understanding, mr. Mayor, that you are looking at some alternatives, as well for some of the stopgap. This provides a portion of the period for that funding.

Saltzman: For the life works --

Del Gizzi: For the life works contract, that is what the \$140,000 would be used for.

Adams: So we still a gap but we still are working on it. This helps a lot.

Saltzman: But this does provide funding for a – on a fiscal year?

Del Gizzi: It is a --

Saltzman: Its just less than maybe what we anticipated, at this point?

Del Gizzi: Yeah. I think it, I think off the top of my head --

Adams: That's my understanding.

Del Gizzi: -- it's like 20 a month. So, this is seven months' worth.

Saltzman: Oh this is for seven months then?

Del Gizzi: Seven or eight months, I believe. I can check and get back to you on that.

Saltzman: Ok.

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Adams: Last I checked, we have not found the money yet but we continue to look for it and we're determined to find it.

Saltzman: Ok. Thanks.

Adams: Alright does anyone wish to testify on these matters?

Moore-Love: No one signed up.

Adams: Karla can you call please start calling the votes?

Moore-Love: 533.

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

Adams: Aye. [gavel pounded]

Adams: Is approved.

Del Gizzi: Thank you very much.

Moore-Love: 534.

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

Adams: Aye. [gavel pounded]

Adams: Approved.

Moore-Love: 535.

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

Adams: Aye. [gavel pounded]

Adams: Approved. Can you please read the title for item number 539?

Item 539.

Adams: Hi what are we looking at here?

Drummond Kahn, Audit Services Director, Office of City Auditor: Good afternoon Mr. Mayor and commissioners. I am Drummond Kahn, the director audit services in the city Auditor's office. With me is Fiona Earle the principal management auditor and contract manager from our office, and Larry Pelatt from procurement services. We're here today to ask your authorization of the contract with our independent accounting firm of Moss Adams LLP. In the amount of \$1.7 million for financial and financial federal compliance audits of financial statements for the three fiscal years 11-12 through 13-14, as well as other professional services. These audits are required by state law, city charter, as well as federal law, and this simply enables the conduct of those financial audits. Happy to answer any questions.

Adams: Discussion from council? Does anyone – yup.

Saltzman: Is this -- was this conducted on a qualifications basis selection process per city code?

Larry Pelatt, Procurement Services: No, sir, this is not a qualifications-based selection process. This is -- was a standard RFP process.

Saltzman: Ok. Well, yeah. So it was –

Pelatt: Well there's new rules about the qualification [inaudible] --

Saltzman: I guess what I meant is we did do an RFP?

Pelatt: Yes sir we did.

Adams: A low bid.

Fritz: And you had a selection committee with three public – members of the public, were there any minority representatives on the committee?

Pelatt: Yes.

Fiona Earle, Office of City Auditor: Three members of the public were from the minority evaluators program.

Fritz: Great. Thank you.

Adams: Same amount we spent last year?

Pelatt: Actually the contract --

Earle: A little bit more.

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Pelatt: Yeah, the contract level is a little higher this year. There are 10 federal items – or 10 items to be determined, so the first year is a little bit more steep than the second two years, when we're only actually testing six separate items.

Adams: Ok. All right, does anyone wish to testify on this matter?

Moore-Love: No one else signed up.

Adams: Please call the vote.

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

Adams: Thank you, aye.

Kahn: Thank you.

Adams: So approved. [gavel pounded]

Adams: Can you please read the title for the item pulled off consent.

Moore-Love: 512.

Item 512.

Adams: Hi. Welcome.

Sgt. Josh Goldschmidt, Portland Police Bureau: Thank you, mayor and commissioners.

Adams: Thank you for your patience. What are we looking at here?

Goldschmidt: I am josh goldschmidt, I am the sergeant with the Portland police bureau and currently the chief pilot for the police bureau's air support unit. And this is a request for your approval to accept a grant that would purchase a microwave downlink receiver and an additional transmitter. The air support unit currently operates two aircraft, one of which is already outfitted with the microwave downlink transmitter. That transmits video from a camera system on the airplane to one of – I think there are now ten hardware receivers in the region. The Portland police bureau has five, one in each of our mobile command posts, and then three hand-holds. The fire bureau has one in mobile command nine. And then some of our other regional partners have additional receivers, as well. The difficulty is that you have to have one of those receivers and have line of sight access to the aircraft in order to receive the signal, and be able to view the video. This receiver that we have applied for the grant for, would be mounted up at council crest, would give us line of sight to council crest with almost a 50 to 70-mile radius from the tower. And that video would then be moved to a video server, and access would be available online. Basically, so that decision makers from any agency, regardless of whether they have the physical piece of hardware could have access to that video.

Saltzman: One question, so for the planes up in the air, you need line of sight to a microwave tower?

Goldschmidt: We need the -- for the person receiving the video, they need line of sight from the receiver to the aircraft. So, for example, that's very easy to do on a sert callout, on a tactical call out, where the users of the video are in a very small area and the aircraft is orbiting the event. It's not easy to do, for example, several months ago, we flew up to the bull run water shed to look at a possible landslide that happened up there that created a pretty significant turbidity incident. We have room for one person in the aircraft, so we brought one person from the water bureau, it would have been much more beneficial, to have many of the decision makers from the water bureau sitting in an office, looking at the live video feed and able to talk to us about what they needed to see or what they wanted to look at. Council crest has line of sight to a majority of those areas, so installing another received, excuse me, installing a receiver there -- the receivers are very expensive. So, to continue outfitting people with them endlessly just doesn't make any financial sense. This particular receiver just allows us to open up the opportunity to multiple end users through internet access.

Saltzman: And so it actually just – following up on the bull run – so is bull run line of sight to council crest?

Goldschmidt: Large parts of it are, yes.

Saltzman: Ok. Thanks.

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Fritz: So how does -- the information gathered? How is that compliant with the Oregon law saying that we have a reasonable suspicion before we do surveillance on people? If you are in an airplane you are surveying a huge area, right?

Goldschmidt: Yes. But I guess if you use the term surveillance, quite often, what we are doing is – well for example, the bull run – was it -- reservoir, I don't know that anyone would categorize that as surveillance on people. We are looking at this particular case, looking for landslides, so --

Fritz: But its from homeland security, so --

Goldschmidt: It is.

Fritz: it could be used for, surveillance overhead?

Goldschmidt: It could be for surveillance. That's occurring anyway, this is allowing us to, distribute, basically, the work product to a larger audience.

Fritz: And is there a written policy on who gets to see that and when?

Goldschmidt: There is not yet. Once the system is up and running and we have identified the issues with how access to the video is going to be given, then there will be a policy in place.

Fritz: So I know we had that discussion with the – Mayor Adams, with the cameras in old town, and we're still waiting for that policy. Might this be something that could be combined with that?

Adams: Yep.

Fritz: And is there a reason that we have to vote on this today?

Adams: Are we on a deadline?

Goldschmidt: I do not believe that there is an immediate deadline for the spending of -- the answer is no. No. I think the money has to be spent by 2013.

Adams: Ok.

Fritz: Thank you.

Adams: We can hold it over to the same day we're holding over the indemnity issue. And between now and then we have the emerging general order, on the use of and handling of surveillance tape.

Goldschmidt: So one thing that I would clarify about this is, the video itself, the air support unit already has a policy on how we handle recordings from what we see, and that was done through the auditor's office. So, we have a policy that -- that says how long we retain those records, and then for example records such as things like protests, the police bureau doesn't retain those, they go to the city attorney's office, and so, this doesn't change that, per se, because nobody at the receiving end is going to have the ability to – well I shouldn't say that. The police bureau -- we will still continue to follow that policy in what we record and what we don't record.

Fritz: Thank you. So I'd like to see that policy. Thank you for being helpful.

Goldschmidt: Ok. I can get that.

Adams: I think the general order will potentially update and add more details to that. That the chief is working on, which he will be making his -- I think there'll be a draft out soon, next couple days, for review.

Goldschmidt: Ok.

Adams: Thank you, appreciate it. Anyone wish to testify on this matter?

Moore-Love: We have two people.

Adams: Please come forward. Thanks for your patience.

Becky Strauss: Good morning, good afternoon, mayor Adams and commissioners. Thank you for the time on the agenda today for this issue. I had pulled it from the consent agenda just to get a little bit more information about what the item was, what's happening now, and --

Moore-Love: Would you state your name.

Strauss: Becky Strauss, ACLU of Oregon. What a microwave downlink system is and what that is different from what we do today. So I appreciate the detail that the officer was able to provide. I just wanted to kind of frame this, and I – we're neutral on this item. Again, my objective today was to have the discussion, and I would just reiterate, as we've talked about with this surveillance camera as we see each of these new technologies come into play, new tools or progress, it's really

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easy to view them piecemeal and to easily justify each new thing as helpful in the limited context that it's intended for and piece-by-piece I think that we can justify those things, and I am here to ask you as the council, as keepers of these new tools and the body elected to protect Portlanders, to think about them comprehensively and in a long-term view toward privacy, and so toward that end, I do appreciate the comments already from commissioner Fritz about how this relates to the surveillance camera issue, and we are waiting, and hope to have some input on the draft policy that, is worked on right now with the bureau. If, if we can work in this issue, kind of take on a bit more of a comprehensive view about these new technologies, and what does this mean about – what's the difference and who is accessing them and when are they used, all those types of things. Would – we'd very much like to see a restrictive policy from, from the bureau and from the council on their use. So that's all I have this morning, and just thank you for the time and thank you for the discussion on the issue.

Adams: Mr. Handelman?

Dan Handelman: Good afternoon, mayor and council, I am dan Handelman with Portland cop watch, and I am very glad the aclu pulled this off the consent agenda for discussion. We share concerns about the possibility of using these cameras for inappropriate purposes. And I think that, like the surveillance camera, I was kind of surprised to hear the officer say that there is a satellite downlink in one of the two planes already, which means they should have a policy in place already about how to use it, and they apparently don't.

Adams: No, they do.

Handelman: But you were describing creating a new policy about how -- and he was describing creating a new policy.

Adams: I will give you more time, Mr. Handelman, he described that there is a policy about retention and what you do with the --

Handelman: About retention but not about how to use them. Not about what your pointing the camera at.

Adams: I will give more time I promise.

Handelman: I understand.

Adams: How they are used, and how the tapes are kept, so we are using this as an opportunity to look at the bigger pictures, but I don't -- there is a policy. And it is guided by state law, and court actions.

Handelman: All right. Well, it would be helpful for the public if those policies were made available online so that we can look at them. I have looked up the aircraft use policy and the directives' manual, and as the sergeant already hinted at, found out that their airplanes are regularly used on crowd control, protest marches and demonstrations which is a bit of concern since they aren't reasonable suspicion of criminal activity just by holding such an event. I should point out it actually says crow control in the directives so maybe there is some bird problems at the demonstrations, I don't know. But that's directive number 600.00 by the way, if you want to look those up for yourselves. But, you know, this is being put under the department of homeland security, as was mentioned. We talked about disaster relief we talked about things that happened up at bull run but there are a lot of other things that could be used for surveillance, of identified problem, locations, or people. Is one of the authorized uses of air support right now, problem to me, is not the same definition as suspicion of criminal activity. It just says problem. It doesn't seem to have any kind of legal definition that I know of. So there is already concerns about the existing program, but we've never had a chance to have this public discussion, and Portland has two airplanes. Luckily we don't have a helicopter when that was recommended by the police assessment resource center people in the community said we don't want to look like los angeles and have helicopters flying over our neighborhoods, so we don't have that. But we do have these two airplanes, and I am glad that we're having the opportunity to talk about how they are going to be used. I think I did notice the airplanes circling around over head on mayday. And I don't know

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what they were taking pictures of or how long those pictures are being retained, and the officers, the sergeant said they are turning it over to the city attorney's office, to me that's still -- a run around, the law that says that law enforcement can't collect or maintain information on stuff that is not criminally suspect. So, again, I also support what the aclu said about as we get these more technologies we really have to be concerned about how they are going to be used and what the possible, unintended consequences are of, using video surveillance and who might have them. And what – and I – also, just the sergeant mentioned, he said that the bureau's not going to be able to record the signals that are coming down on the internet, but he was very cautious not to say that nobody could do that. So, it is possible that somebody else watching on a remote station, could record these and then use them for whatever purpose.

Adams: Anything else? All right. Thank you both very much. Appreciate your patience. We'll hold this over to be heard on the same agenda as the --

Moore-Love: May 30th.

Adams: May 30th. So, unless there are objections, until then. [gavel pounded]

Adams: Do we have anything else? All right. Do we have until tomorrow night. Until 2:00 today. Alright, see you all at 2:00, enjoy your break.

At 1:51 p.m., Council recessed.

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

MAY 16, 2012 2:00 PM

At 2:05 p.m., Council reconvened.

Adams: [gavel pounded] City council will come back from recess. For those of you up in the control booth, I'll wait for it to come back on. The audio in the 1900 building is challenged.

Moore-Love: I know. Oh, we're going to be in the auditorium.

Adams: Yeah.

Moore-Love: Were you talking about the audio at the 1900 building, oh --

Adams: No the – there we are –

Moore-Love: The auditorium?

Adams: The auditorium in the Portland building, yeah. Could you please read the title for item number 540?

Moore-Love: Did you want to do roll call first?

Adams: Can you please do roll call? [roll call]

Adams: A quorum is present, we shall proceed. Can you please read the title for time certain emergency ordinance item number 540?

Item 540.

Adams: Commissioner Dan Saltzman.

Saltzman: Thank you, mayor, and good afternoon. I'm pleased to bring this forward today. In 2009 city council extended the expiration period for a subset of land use approvals from the customary three-year period to June 30th of this year. Back then the hope was that the economy would recover by 2012, and applicants could proceed with their land use approvals and start building projects. The economy has improved since 2009, the real estate market has at least stabilized, the financial lending market is such that many applicants still cannot get the funding needed to get their projects going, and because of this, many applicants are at risk of losing their land use approvals and in order to help get the economy back on its feet, we are proposing that we extend those approvals once again and I'll turn it over to Sandra Wood and Douglas Hardy for more details.

Sandra Wood, Bureau of Planning and Sustainability: Thank you. I'm Sandra Wood with the Bureau of Planning and Sustainability, and we have been working with the Bureau of Development Services and Douglas Hardy is here representing that Bureau. And we're here to present the Planning and Sustainability Commission's recommendation on these three amendments, as you've mentioned, it is -- we are proposing an emergency ordinance and the main amendment that brought us forth today was the extension of land use expiration dates, but we have two other ones. All three amendments are technical in nature and aren't really substantive as far as how -- as far as content, but it has to do with how we administer the zoning code. So Douglas will go ahead and describe the land use extension and expiration dates, and there's a handout that we've distributed, and it's available for the public on this back wall over here. And then I'll go through the other two amendments.

Douglas Hardy, Bureau of Development Services: Thank you. Douglas Hardy, Bureau of Development Services. As you know, there are some development types that are submitted to the city that do require a land use -- discretionary land use review. So those are things like a design review, environmental review, land division, that type of thing. And typically these land use

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approvals expire if a building permit has not been issued within three years of the date that the land use was approved, and in the case of land divisions, it requires applicants to submit an application for final plat within three years of approval, otherwise, again that approval expires. In 2009, city council decided to extend that expiration date for a subset of land use approvals that were issued between basically between may of 2006 and december 2008, and they extended that time period by two years out to mid 2012. And on the graphic that you have before you, that's illustrated in that yellow arrow on the upper part of the graphic. As commissioner Saltzman indicated, the -- that expiration – or expiration extension was provided to give applicants more time to proceed with their proposal during the down time given the down economy. And because the economy hasn't rebounded to the extent that was expected in 2009, basically what the amendment before you is to extend that expiration period another two years, and so that would be extending it out to mid 2014. And that's -- that is also illustrated on the handout you have there in that upper blue arrow. So again it would be extended out to 6-13-2014. The amendment also proposes to extend land use approvals granted after december 2008, date out to mid 2014. And that is illustrated in the lower portion of the diagram that you have there. And unfortunately there are about a four-month -- there's a four-month period of land use approvals that sort of fall between the last extension you granted in 2009, and this current extension that those land use approvals would have expired and we can't through this ordinance reactivate an expired land use approval. So that lower blue arrow on your diagram there indicates that for those approvals they would be extended out to mid 2014 as well. And – so to clarify that, those that received approval between 5-16, 2009 and 6-30, 2011, those would be extended out to that same 6-30-2014 date. So that's in a nutshell is what the land use extension is proposing.

Wood: The other two amendments are very technical in nature. One has to do with a final plat expiration. Land divisions are approved through a two set process. It's a preliminary plat approval, when the applicant receives that they have three years to submit their final plat approval. When they submit their final plat approval, they can submit some information and BDS will send them a letter saying you're missing these other pieces for us to do our – to grant final approval, final plat. The applicant can submit one piece of information and this can go on for years and years. So we have some applications that are -- have been in process for many years, more than five years, we have one final plat application that's been on a planner's desk since 1985 for a preliminary plat that was submitted in 1985. So this proposals that -- for in the future that final plats, the applicant has three years to finalize their application and get it approved or let it expire. So that's the second amendment. The third one is very, very technical, and that has to do with the dollar thresholds in the zoning code. There are several dollar thresholds throughout the zoning code that get automatically increased every february 1st based on a publication. In the january's issue of the engineering news and record publication, that publication is not coming out until late in january now, which doesn't give staff enough time to update the zoning code pages, so we are requesting that we change the thresholds on march 1st instead of february 1st, just to give us a little more breathing room there. We've received – or you've received a letter of support for the land use extensions specifically. We haven't heard very many comments about the second two amendments. So we're requesting adoption of the report, amendments to the zoning code, and adoption of the ordinance. And we're available for questions.

Adams: Do we have discussion from council?

Fritz: Do we know how many approvals in the top line are still out there not built yet?

Hardy: We -- in terms of a ballpark estimate, there's approximately 400, probably a little less if you're only looking at that top arrow. So there's roughly 400. During that same time frame, bureau of development services took in about 3800 land use approvals, so in terms of the land use approvals that are affected by this ordinance, it's roughly 10% of all the land use reviews that bds processed.

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Fritz: It seems to me there's probably a lot of zoning code changes since May of 2006. And May of 2014. How were those incorporated into development?

Wood: Those reviews?

Fritz: Yes.

Wood: The planning and sustainability commission had the same question. So we looked into that. There have been 38 zoning code amendments during that time period, from 2006 'till today. We characterize 13 of them as being administrative. Like the automatic adjustments to the dollar thresholds, creation of the planning and sustainability commission, the murals project, administrative of how we administer the zoning code. Of the 25 remaining, 10 of those projects were geographically specific. Like 122nd station area, north interstate plan, north pearl district, so they didn't have citywide effect. They were code changes for those plan districts or for those areas. So that left 15 code amendment packages. All the recaps are included in that, as is the infill design code amendment project, the tree code for example, invasive species, some of these you might recall from recent conversations. So we looked at all the table of contents and did a scan, and our conclusion was that most of those code amendments virtually all were facilitative in nature, and really allowed for more options for the development community to create shared courts, for example, or common greens. Or clarified a lot of language in the existing code. One exception to that is in recap 5, we – or I should say you, council, dramatically increased the long-range bike parking regulations. So it used to be a quarter -- .25 bike parking spaces per dwelling unit. And now the requirement is 1.1 outside the central city, 1.5 in central city. That went into effect in April of 2010. So another caveat to that is that if somebody had applied prior to that they would have had the lower bike parking requirement, but when they come in later for upgrades for the site, that's a nonconforming upgrade, that most people generally tend to apply to their site. But all the other ones seem to be pretty permissive.

Fritz: Ok. Thank you. That diligence [inaudible] glad to hear the planning and sustainability commission asked the same question. You know, state law requires that we end things – that we have time lines. I'm wondering for my colleagues, is there ever going to – how -- is there a possibility we could extend this again? It seems like there's some approvals that are getting extremely long time lines.

Wood: Mmhm. And our thinking was proposing the 2014 time line was that we anticipate having the comprehensive plan completed by the end of 2013, and then we send it off to the State, and they acknowledge it. So as opposed to last time we extended it for three years, this time we decided to propose an extension for two years, because we didn't want the land use reviews to still be in effect for a comprehensive plan, our previous comprehensive plan, which is the one we have on the books today.

Fritz: Does state law specify how many times we can do extensions of approvals, or no?

Wood: No.

Fritz: Thank you.

Wood: Mmhm.

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

Moore-Love: We have one person signed up.

Adams: Mr. Joslin. Welcome back.

Jeff Joslin: Thank you. Good afternoon commissioners. I will be brief. I hope that you've received my written testimony that was provided in support of this project. I initiated this effort at – requested specifically to your staff back in January to consider this type of extension. So it being an extension project, the first thing I wanted to do was extend my appreciation to them. They were extremely accessible, sensitive to the issue, really sort of explored the right questions at that time, and as a result were appropriately instigatory and moving forward pretty aggressively. It's a small project, it required a lot of effort on the part of BPS and BDS staff for, you know, what on its surface appears like a fairly minor amendment, but with potential great meaning for particular

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projects. I know for a fact that a number of projects and property owners i've worked with on this expect it to be potentially hugely meaningful for those projects. So for that reason, it is potentially good for both those projects and for the city. So on behalf of those folks and those projects, thanks for your time, and we hope for your support.

Adams: Thank you, sir. Anybody else wish to testify? Alright, Karla, can you please call the vote, starting with item 540?

Fish: Aye.

Saltzman: Good work staff. Aye.

Leonard: Aye.

Fritz: Thank you commissioner Saltzman for taking this on and douglas hardy and sandra wood, you consistently do really great work. And explain it in words people can understand. So thank you very very much. It's apparent that the housing and construction industry is still climbing out of the recession, and this is just another example of how this council is trying to encourage and support that recovery. Having to support it one more time, and I was particularly reassured by your answer about the comprehensive plan and that -- a lot of new regulations and zoning code improvements go into place that we make sure that new development matches those improvements.

Thank you so much. Aye.

Adams: And how many changes to the code have we made again?

Wood: 38. Since 2006.

Adams: Ok. 38 changes to the code?

Wood: 38 packages.

Adams: 38 packages. Right.

Fish: Who was the Mayor between the period 2008-2012?

Adams: I think that's brilliant. 38 packages and how much -- how many -- how much -- how many regulations did we improve?

Wood: [inaudible]

Adams: 800. Estimated 800. I like it. Aye. [gavel pounded] so approved. Alright. Thank you for your work. Ok, we have a 10-minute break.

At 2:21 p.m., Council recessed.

At 2:32 p.m., Council reconvened.

Adams: Oh here we go. Alright. [gavel pounded] City council will come back from its recess for a 2:30 time certain. Karla would you read the titles for items 541 and 542, please?

Item 541 and 542.

Adams: And can you call the vote?

Moore: On 541.

Fish: I was not present at the hearing, so mayor, your chief of staff, assistant to your chief of staff sent me a link and some materials which I was able to review before today, and this vote. And I want to thank jennifer and the team for doing so. I've reviewed the materials that are before us, and I want to just acknowledge that in the presentation to council, the cornerstone values that were used to support this in the presentation were that this resolution would promote competition, increase transparency, and provide additional flexibility in the investment of a modest amount of the city's funds. Jennifer cooperman and her team have looked at this from the risk side. What is important here I think to people observing our work is that the limited amounts that we're going to -- we're proposing to invest in local institutions including credit unions are fully covered by Federal insurance. So the funds are protected. And this particular resolution has no fiscal impact. What this does, however, is begin a longer-term discussion which we're going to have as a city about the expectations that we have for people who either carry our funds or invest our funds. And I want to just note that that is a good discussion to have, even if it was outside of the historical moment that

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this is coming to us. Because we should on a regular basis review our policies, and our banking relationships, and I think particularly given the experience of the last four years, we should continue to raise the bar in terms of what we expect from people that manage our money and handle our accounts. So I think that is a healthy debate, and this will lead us up to a broader discussion about our contract for banking services, which will be before council next year, but we'll be working on in the fall. So, this is a modest resolution that is based on some cornerstone values which I support. It does not put public dollars at any great risk, and it is consistent with our approach in many areas to support local institutions. Who in turn take their resources and invest them locally. So on that basis, and the basis of the record that I have reviewed, I vote aye.

Saltzman: Well I believe this is a good resolution; it's a good step forward to be able to support credit unions with the amount that's covered up to fdic insurance. I do believe and trying to diversify our city's portfolio, and to pursue the longer-term notion of socially responsible banking within fiduciary responsibilities that we carry as a city. But I do think there are other avenues that we can make sure that socially responsible criteria are considered by those who hold our money and invest it on behalf of us or hold the money, period. So I look forward to further discussions and consideration of issues as we move ahead. Aye.

Leonard: As commissioner Fish said, this is a modest proposal, but I think it was voltaire that said perfect is the enemy of good. And this is a good proposal that is better than where we're at and I think is responsible and i'm pleased that the mayor's brought it forward and i'm happy to support it. Aye.

Fritz: Thank you, everybody, for your work on this. Also want to recognize the late state treasurer ben westland and state representative jefferson smith who helped pass the regulations enabling this at the state level, and the staffer to both of those, Stacey Dycus, who has been tracking this and helping us in setting up this responsible banking resolution. Thanks to mayor Adams and your chief of staff Jennifer Yocom for diligent work over many months puzzling through the best way to do this, to our new city treasurer, Jennifer Cooperman and chief financial officer Rich Goward and community members who have been so passionate about this, including the occupy folks who took their concerns from camping in the parks to helping to craft this resolution. It's a good and prudent start towards more investment in our local communities, and i'm very pleased to support it. Aye.

Adams: Well I'd like to in addition to thanking rich goward and jennifer cooperman and the entire team, i'd also like to thank my chief of staff, jennifer yocom, who worked very hard on this, and this is great work. It's a good first step, the right framework, and it's good for taxpayers. And when I looked early on after getting this request from the occupy Portland folks and looked online at what had been done across the united states, I saw a lot of very ambitious initial efforts from a very small group of cities that haven't gone very far in terms of implementation. And then I saw some cities that were more aspirational or rhetorical in terms of what they wanted to accomplish, so I -- what I like about this approach especially is that we're going to come back with the additional steps not years from now, but before I leave office. And so the good discussions that we will have, the balancing that will be required will be informed by the steps ahead before the end of the calendar year. So thank you to the city council for your contributions, your work on this, thanks to everyone who's been involved in putting it together. Aye.[gavel pounded]can you please call the vote on 542?

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

Fritz: Previously the adoption of the city's investment policy has been a pro forma event, but thanks again to occupy, the attention on the banks that were supposedly too big to fail, we've had more attention this year. I do appreciate what mayor Adams just said in terms of the next steps. This is not the end. I'm going to vote yes on this resolution for the investment policy, however, I am hoping in the future to see it addressing more social issues as well as maximizing the investment to make sure that we are maximizing our investments in a socially responsible manner. And I know that's the mayor's intent. We'll have some of that through the upcoming request for proposals in the

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contracting process, and also in the development of the new investment strategies. So I appreciate the office of management and finance's assistance and participation in this. We are thinking differently and I appreciate that very much. And again thank you mayor Adams for your leadership. Aye.

Adams: Aye. [gavel pounded] thank you all very much. So approved. And we are in recess until tomorrow night, at David Douglas High School.

At 2:40 p.m., Council adjourned.